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HOUSE OF COMMONS DEBATES

OFFICIAL REPORT

THIRD SESSION—TWENTY-SECOND PARLIAMENT

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TO THE TWENTY-SEVENTH DAY OF JULY, 1956, INCLUSIVE

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QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1956

HOUSE OF COMMONS

Friday, June 29, 1956

The house met at eleven o'clock.

HOUSE OF COMMONS

ALLEGED IMPROPER ACTION OF MR. SPEAKER

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, I rise both on a question of privilege and of major public importance. In view of the intolerable situation created in this house by the utterly unprecedented actions of the Speaker in improperly impugning the motives of many of the hon. members in a letter, I ask the Acting Prime Minister (Mr. Howe) to assure us that the government will deal with this situation in the only way in which it can be dealt with effectively, by taking the necessary steps to dissolve the house and give the people of Canada the earliest possible opportunity to elect a new parliament.

Mr. M. J. Coldwell (Rosetown-Biggar): I must say that I rise to support the Leader of the Opposition (Mr. Drew) in this matter. I feel very sick at heart over this whole matter, and having had respect for the house and the Chair, I feel that the situation has become quite intolerable and that there is no way out but the election of a new parliament and the assembling of a new group in this House of Commons.

Mr. Speaker: May I be allowed to say a word of personal explanation? It seems to me the point at issue at the moment is whether or not a person who occupies the office that I have the honour to occupy at the moment is or is not deprived of being able to write personal correspondence. It has been established, I think—if it has not been established, I am prepared to establish it to the satisfaction of all hon. members, I am sure—that I made the comment in a personal letter which was not directed to a newspaper, which was never intended to be published and which I never thought would ever be published—I can assure you of that—and which unfortunately has been published.

Now, because one or two paragraphs of a private letter that I addressed to a man who is a free lance writer appears in a newspaper—a letter addressed to his residence—of course it becomes known that with respect to a certain matter I have an opinion which is at divergence with the opinion held by other hon. members. Now, I submit this to hon. members for their consideration. We had a debate concerning a certain measure over which I had to preside. I think hon. members, if they want to be fair, will agree that the chair during those days was not a bed of roses. Members who are not satisfied with rulings, or with the conduct of the Chair, because the Speaker is the servant of the house, have two recourses provided by our traditional forms of procedure: one, appeals from the Speaker's rulings; two, motions of censure. Both of these two recourses have been taken advantage of.

Now, I cannot participate in debate. I must, however, put questions affecting myself. See Beauchesne's third edition, citation 86 and Bourinot's fourth edition, page 179. I presided over the debate which took place on the motion of censure against myself, and I put the question affecting myself. During that debate I did not speak. Some hon. members here know that before the debate on the motion of censure started I wanted to speak. As a matter of fact I thought I had the right to be heard.

Mr. Winch: You did have the right to be heard.

Mr. Speaker: Well, at that time there was a question as to whether or not I had that right. My program on Sunday before the Monday on which this debate was initiated, as I suggested, was that the Leader of the Opposition and the leader of the C.C.F. party speak on the motion of censure and I wanted to take the floor immediately after that; but there was hesitancy as to whether I should do that, or whether I had the right to do it.

I want to tell hon. members this. I have received several letters, some very critical, others commending my attitude during the pipe-line debate. In replying to those letters which I have received, whether of criticism or of commendation, I said several things, and I am sure that if they were all to be published, as this personal letter was, it would indicate one thing, that a man who is accused and has not been able to say his piece is in a very deplorable situation indeed.

Some hon. Members: Hear, hear.

Mr. Speaker: The worst criminal in this country, the man accused of spying, is asked before sentence is passed, "Do you have anything to say?" Now, I am not blaming the

house; I am not blaming any hon. members; I do not say that you did not provide me with a chance to be heard. But I just say that, in order to ask you to understand what may be my personal position, I am somewhat tense about this. I am not going to say anything further with respect to the event nor as to whether the opinions that have been expressed have been right or wrong, but I want to say this. The fact that I have not been heard—well, as I say, I have been tense about this ever since and I have been looking up authorities.

The hon. member for Vancouver East (Mr. Winch) just interjected a moment ago, "You had the right to be heard". I am inclined to go along with his view because I have looked at a debate which took place in 1931 when the deputy speaker, Mr. LaVergne, had been attacked by the then member for Labelle, Mr. Bourassa and later rose to speak. Mr. King on a question of privilege indicated that the deputy speaker should not take part in any debate. The debate took place on March 20, 1931, and it will be found in volume I of the debates for 1931, pages 173 to 180. In defence of Mr. LaVergne, in justifying his contention that he had the right to speak if he was attacked, Mr. Bennett said that in exceptional cases he thought the Speaker was warranted in taking the action he did. He was referring to the case of 1927 when Mr. Speaker Lemieux had spoken in the debate in this house and then later he said:

> Obviously the Speaker cannot take part in the debate and preside at the same time.

Then later he said:

> . . . if the deputy speaker is not to participate in debate obviously he should not be attacked. That is fair. How but by participation in debate would he be able to answer attacks made upon him? That, Mr. Speaker, seems to be the crux of the whole matter and it will be found that Sir Robert Borden in discussing the matter of a resolution of the then leader of the opposition, Sir Wilfrid Laurier, directed the attention of the house to that particular point. Is it right merely because one of our hon. members has been elected chairman of committees and chairman of the committee of the whole house that he should be deprived of the right to speak to the house?

And then later he said:

> Let us, however, consider what happened the other day when he was attacked in this house.

He is referring to Mr. LaVergne.

> As a member he takes his seat and as one of the deputies of this chamber is he to be silent? May he make reply? Is it right that he should be silent?

Later on he said again:

> Has his acceptance of the position of deputy speaker placed him in a position where he can no longer reply to the attacks which are made upon him?

[Mr. Speaker.]

And he concluded that part of his remarks by saying this:

> I still claim for the deputy speaker, as I would claim for any other member of the house, the right to make any response he thinks adequate to any attack that may be made upon him. In other words, you should not make him a judge unless you treat him as such; and if you enter into controversy with him you must afford him an opportunity to answer the observations directed to him.

At that point Mr. King interjected:

> No one denies that.

Looking further back into the record I find that in 1814, when Mr. Speaker Abbott had a motion of censure moved against him in the United Kingdom, he did take part in the debate soon after Lord Morpeth had moved the motion against him. His speech will be found in *Hansard* of 1813-14, volume 27, extending from column 475 to column 485, which I would think would be the equivalent of a 40-minute speech.

I am very sorry that part of that letter has been quoted. I may say that, as if I did not have enough trouble so far, I was certainly hoping that no other trouble would arise and I was greatly shocked when I saw that those paragraphs had been taken out of that private letter and put in a newspaper article.

Having said that, that view having been made public, I understand that it might arouse the indignation of some hon. members in this house when someone says that someone distorts the facts for his political ends.

Mr. Drew: Falsifies.

Mr. Speaker: Or falsifies. Of course if you want to use the most prejudicial translation you will use the word "falsifies" but for my purpose the translation would be "distorts".

Mr. Diefenbaker: Would Your Honour table the letter?

Mr. Speaker: I will table that letter if the hon. member wishes me to do so. I do not know to what extent I can as this is private correspondence. Would the hon. member for Prince Albert (Mr. Diefenbaker) be good enough to take a look at all the correspondence and then if he wants it—I do not table documents—to be circularized I could have mimeographed copies made of the translation of every letter. I might explain what the correspondence is about. The first letter I received from the hon. gentleman was dated May 14, 1956, in which he asked for an interview. Perhaps I should give my own translation and the hon. member can check when I send him the documents. He asked:

> Would you be kind enough to give me an interview of a few minutes at your office in the near

future. It has to do with a communication that I want to make to you and which is absolutely foreign to my occupation as a newspaperman. Would it be possible to receive me on Saturday next or on any other Saturday? Please let me know as soon as possible.

I replied to that letter on May 15 in which I said—

Mr. Gardiner: Before you continue, may I be permitted; is it proper for personal correspondence either to be placed on the table or read to this house? Are we going to be put in the position where if we have any personal correspondence at all as members somebody can suggest that it ought to be put on the table or read to this house?

Mr. Speaker: It is simply that I want to make sure and I want hon. members to be sure that, as the editorial seemed to suggest that I did write to the newspaper in order to have certain things published, I have no objection personally to tabling the correspondence. The man who was responsible for the editorial is in Ottawa at the moment. He was in my office last evening and he is in the gallery now. He wrote me a letter of regret as to the procedure in this case which has been published in the newspapers. There is no question about it that the man was not thinking to do any harm because he is just as sorry as anybody can be. I know that he did not want to do me any harm, and that is certain. Two paragraphs have been taken from a private letter in which I told him I would see him on any day between Monday and Friday inclusive. He wrote me back and enclosed a copy of the article which he had written and told me that he would be in Ottawa on Friday, June 29. He arrived last night around five o'clock. At that time I said to him that he had arrived at the right time because of something I wanted to tell him about his editorial. He said, "Well, I am very sorry." The explanation he gave for that was that he had had an experience years ago in Quebec city, where he was a parliamentary correspondent.

This man, I may inform the house, is an elderly man; he is about 75 years of age; and he has had various experiences throughout his long career as a newspaperman. He remembered that the Hon. Mr. Weir—these are the facts that he told me himself; I do not know about them—that the Hon. Mr. Weir, when he was Speaker in the legislature of Quebec, had put someone else in his place, had taken the floor and had taken part in the debate. He thought that, as the member for Vaudreuil-Soulanges, I still had the right to take part in debate, and he saw nothing wrong in taking an excerpt from this letter. That is the explanation of this editorial.

He stressed the point that the Speaker still remains member for the constituency he represents and that, therefore, he is entitled to speak. I say again, it was not my intention, and I did not write to the newspaper. All this correspondence has been addressed to him personally at his residence in the city of Longueuil, and it has been admitted by him. I think that if one reads the explanation that appeared in the *Globe and Mail*, which I read today, it gives a good account of the facts pertaining to this situation.

Mr. Drew: Before the Acting Prime Minister replies, may I make some comments in regard to what has been said by the Speaker. I direct my remarks to the Acting Prime Minister as the acting head of the government. I do so in the utmost solemnity.

Already, at the suggestion of Mr. Speaker himself, a motion of censure was presented in view of certain discussions that had taken place. When the Speaker said that there was any hesitancy about hearing him, I would point out that no one indicated any unwillingness to hear the Speaker and, in fact, there was every indication that the Speaker felt perfectly free to present to the house any facts he deemed advisable, as evidenced by the proposition he put before the house on one occasion in regard to certain decisions he himself has made.

However, these are irrelevant, so far as the central issue is now concerned. In fact, the question as to whether it was or was not intended that this letter be published is in itself irrelevant, when we recognize the rule of the Speaker in relation to this house. Whether the Speaker is a permanent Speaker, as at Westminster, or a Speaker chosen by a motion of all the members, as is done here, the Speaker, if there is to be any dignity in the proceedings of the house, must command the confidence of the members that the decisions he makes will be impartial decisions within the reasonable bounds of human frailty. Whether it was intended that this letter be published or not is in itself unimportant. We now know that the Speaker, whose impartiality we are expected to respect, holds the opinion that arguments that were made here falsified the facts or, to use the alternative expression the Speaker has used, distorted the facts for political ends.

I would point out that if these words were spoken of any member in this house it would be the duty of the Speaker to call for a retraction immediately. They would not be permitted. Whether or not it was intended that they be published, these were the thoughts of the Speaker, and we know they were the thoughts of the Speaker because,

whatever the circumstances were, they have now been given widespread publication in the press.

Mr. Speaker: Would the Leader of the Opposition allow me to indicate that there is a distinction with respect to the word "deliberately"?

Mr. Drew: I did not use the word "deliberately".

Mr. Speaker: No, but the Leader of the Opposition said that if any member of the house were to say of another member that he falsifies or distorts facts for his own political ends that would be an unparliamentary expression and I would ask that it be withdrawn. I had a case the other day when the hon. member for Kootenay East said that the hon. member for Rosetown-Biggar attempted to distort the facts, and in correcting him I said that the hon. member for Kootenay East should withdraw the expression because he was not allowed to insinuate or impute that the hon. member for Rosetown-Biggar had made a deliberate attempt to distort the facts. That is the only distinction.

Mr. Drew: I repeat my statement that if these words were spoken in the house a retraction should be demanded. They are words that are not regarded as being a parliamentary expression because the motives of members must not be challenged. That is fundamental to the debates in this house. The Speaker has said that he is sorry the document was published. So are we. But it has been published and unfortunately it is now before the people of Canada that the Speaker, whose role it is to maintain dignity in debate in the house, has used words in relation to what has been said by many hon. members in this house which should not be permitted in orderly debate at any time. It removes from the Speaker any possible suggestion of impartiality.

I point out that the Speaker had a right to speak in two ways. When he suggested the motion of censure he indicated that this would give him an opportunity to speak. No one challenged that right. However, there is another way in which the Speaker is perfectly free to speak, and that is to resign and as a private member express his opinion outside of the house within bounds of decency imposed by himself in any way he sees fit, or to express his opinion in this house under the rules that have been established and which it is his high duty to administer. He is merely the temporary occupant of a chair which is symbolic of the relationship between government and opposition.

Whatever the unhappy circumstances were which resulted in the publication of this communication, the hon. members who disagreed with the procedure which took place have now been told that in the Speaker's opinion they distorted or falsified facts for their political ends. How is it possible for any hon. member to divest himself of that knowledge and to start afresh with any pretence that there is impartiality in the mind of the Speaker? No matter by what process these words became public, the Speaker disclosed what was in his mind. That we now know. For that reason this house can no longer proceed with its deliberations in the manner that it should with a recognition by many of the hon. members that that is the opinion of the Speaker to whose impartiality they must appeal over and over again during the course of debates.

Mr. Speaker, I ask anyone to go back to the *Hansard* record of what was said during the discussion of the motion that was before the house. It is impossible to find at any point any statements that were made which were not made with full recognition of the solemnity of the occasion and with due regard for the position which the Speaker had occupied until those tragic events occurred. Nowhere in the statements that were made in support of that motion is there a single statement that justifies the implication contained in the words that have now been published.

The Speaker says he is sorry that they were published. They have been published; they are in our knowledge and therefore I submit that for the sake of the people of Canada, whose servants we are, for the sake of the dignity of this House of Commons that is an integral part of our great parliament with its rich traditions, I submit that the responsibility rests now entirely with the government. I ask the government in all earnestness to meet this situation in the only way it can. It is for the government to decide how long we must continue to do the business which is necessary for the passing of the moneys required for the business of the country. We should now have the assurance that when that is done there will be immediate dissolution brought about by the constitutional procedure available to the government and that the people of Canada, with the full knowledge of the facts, then will have an opportunity to elect a new parliament in harmony with the traditions and sentiments of our people.

Right Hon. C. D. Howe (Acting Prime Minister): Mr. Speaker, the house has listened to the remarks of the Leader of the Opposition (Mr. Drew) and the leader of the C.C.F.

party. It has listened to your explanation of what happened. The fact that an extract from a private letter written by the Speaker was published is a matter that is unfortunate, but to suggest that parliament should be dissolved because of it is, I think—

Mr. Low: Nonsense.

Mr. Howe (Port Arthur): The leader of the Social Credit party has used the word, so I will adopt it.

The Speaker was elected not by the government but by the House of Commons. He was nominated by the Prime Minister and that nomination was seconded by the Leader of the Opposition. He was elected unanimously by the whole house. This is a situation for the house to consider. The government was elected by a large majority to carry on the Queen's business for the usual period. It has now been in office a little less than three years. Whether or not the government should go to the country is a matter apart from the present dispute and will be settled by the procedure that governs dissolution of parliament under the usual circumstances.

The conduct of the Speaker has been impeached by the Leader of the Opposition. The motion was voted upon and voted down. Whether or not the publishing of an extract from a private letter changes that situation is a matter that must be considered.

Unfortunately, the Prime Minister is away and I would not wish to comment on the situation until he returns. However, I shall report the situation to him and he will make such statements as seem appropriate at that time.

Mr. J. G. Diefenbaker (Prince Albert): I suggested to you, Mr. Speaker, when you were making your explanation that you might table the correspondence and you were kind enough to forward the original correspondence to me. Having translated it in the few moments at my disposal, I feel that it should be tabled. Expurgated portions of the correspondence have already appeared in the press. In addition to that, in today's press there is a full reference to the statement. The apology, if you will, of Mr. Cinq-Mars is published in detail, and that was prepared in your office last evening.

Under the circumstances, sir, in view of the fact that you refer to hon. members who have entrusted to your custody the rights and prerogatives of parliament and the preservation and maintenance of the honour of every member in this house, irrespective of his position in the house; in view of the fact you have referred in that correspondence to the hon. members whom you represent in your high and dignified position as accusers, and have referred to the arguments that they advanced in parliament as a falsification of the facts for their own political ends, I say that the correspondence should be published. It is not a question of whether or not you, as Speaker of the house, should be able to defend yourself; that is past. What took place is past. What we have before us even today is that, although you are in a position where hon. members have entrusted to you their honour, they are here described by you in correspondence, whether personal or public —it is now public—as having falsified the facts. This is something which, in my opinion, deserves a very complete retraction on your part.

I ask, sir, for the tabling of the correspondence, the letter that you wrote to Mr. Cinq-Mars. The copy is marked "Personal" in lead pencil, but other than that there is no indication of personal correspondence whatever, from the beginning to the end, as I read it.

Mr. Speaker: I have no hesitation whatever in placing this correspondence at the disposal of the house on the understanding, of course, that when you table private correspondence in this house it means it is at the disposal of hon. members who may wish to take a look at it at the table. These are not documents produced by way of a motion. I know that Mr. Cinq-Mars, who has had this correspondence with me, will have no objection whatever because we discussed it last evening.

When the hon. member for Prince Albert (Mr. Diefenbaker) says that the letter of regret by Mr. Cinq-Mars was prepared in my office, I must say it was not prepared in my office in my presence. Mr. Cinq-Mars said, what can I do in order to repair whatever damage I may have caused you? I said, go out to my secretary and do whatever you please. I was not there when he dictated this letter. He did that, and he signed it and it was left with me.

Mr. Diefenbaker: There was no such suggestion in my statement. The press reported that it was done in your office, that is all.

Mr. Speaker: So far as I am concerned, I have no hesitation in putting this correspondence in the possession of the Clerk for all hon. members to consult and verify for themselves.

Now, the hon. member for Prince Albert has taken exception to me qualifying my colleagues as "accusers". Well, when you write a letter, and you have several to reply to, and you are writing to a gentleman who is asking you for an interview and you are

thanking him for having written a favourable article about you and you comment upon the act, you do not always choose your words. I want to tell you gentlemen that I did not give 24 hours of thought to this letter. It is not something, you know, that I gave considerable meditation to. In the course of a great many letters, I wrote that letter. If I had written it to be publicized, I want to assure hon. members that I would never have included that sentence in it.

If I had had the chance to speak on the motion against myself my presentation would have been an objective one, without taking sides, as far as the arguments which were not concerned with rulings were to be dealt with.

Now, the hon. member for Prince Albert (Mr. Diefenbaker) says that I should retract.

Mr. Castleden: I cannot see the value of that at this time.

Mr. Speaker: I did not hear the remark.

Mr. Castleden: I said, I cannot see the value of that at this time in this situation.

Mr. Speaker: Well, if there is no value in dealing with the request of the hon. member for Prince Albert and to give an explanation of my interpretation of the words, I will not deal with it further. But I want to tell hon. members that ever since I was appointed on November 12, 1953 my resignation has always been at the disposal of the house. If one wishes to move a motion, after 48 hours' notice, stating the reasons why and concluding that the Speaker be removed I will resign immediately. See Beauchesne's third edition, citations 127, and 225 and 46.

Mr. McIvor: Mr. Speaker, on a question of privilege, I have listened to the debate from both sides of the house and have seen what is going on. I think of another situation where the life of an individual was at stake, and the Divine Teacher said, Let him who is without sin cast the first stone.

Mr. Howe (Port Arthur): May I point out that there is nothing before the house. I suggest we proceed with the business of the house.

Mr. Speaker: I understand there is nothing before the house. Nevertheless, this matter is one of great importance. I would think that the hon. member for Nanaimo, if he wishes to speak at this moment, should be allowed to do so.

Mr. Colin Cameron (Nanaimo): Yes, Mr. Speaker. I am astonished that the Acting Prime Minister (Mr. Howe) takes this situation so lightly as to say there is nothing before the house and to attempt to deny to hon. members the right to speak on a question of this importance where we are charged with deliberate falsification.

Mr. Tucker: On a point of order, this may be important. If it is important, it should be dealt with properly under the rules. It can be dealt with under the rules by notice of motion, in which event everybody can take part in the debate. I object to the people on the other side making the statements they have made without a chance for anyone on this side to answer, and to say why things were dealt with in the fashion they were. That is exactly what the situation is.

If the members on the other side want to carry this thing farther and suggest that you have no right to your private opinions, and for that reason you should be censured; in other words that you should be asked to have no private opinions, then I think we on this side have the right to express our opinions. I do suggest, Mr. Speaker, that if this is important—and I agree it is important—then it should be put before the house properly so that we can all take part in it.

Mr. Cameron (Nanaimo): If you are in any doubt, Mr. Speaker, on account of the point raised by the hon. member for Rosthern, I wish to raise another point of privilege, my own personal point of privilege, because, in this statement that appears here, I, like every other opposition member who took part in the debate on the motion of censure of yourself, have been accused, and lie under the accusation, of having falsified the facts to meet my own political ends.

I suggest to you, sir, that having gone so far you must go farther. You must indicate to this house what members falsified the facts, in what respect they falsified the facts, and if you are unable to do so, sir, then it would seem to me there is only one course open to you and that is the course suggested by the Leader of the Opposition just now. That is the situation we are in today. We all lie under this imputation. It has gone all across the country that, in your opinion, some of us at least falsified the facts in this debate.

I must say, sir, I cannot take too seriously your suggestion that you wrote this letter in a moment of light-hearted carelessness. People do not carelessly make serious accusations of this sort. They are not the sort of things you slip in by accident when you are not thinking. I suggest, sir, you have to go farther now and indicate to this house precisely which members falsified the facts and in what respect they falsified the facts. If

you are unable or unwilling to do so, then there is only one course open to you, because this raises the whole question as to whether or not members who have been accused of this can any longer sit under your presidency in the chair.

Mr. Solon E. Low (Peace River): Mr. Speaker, I hesitated for quite some time to say anything on this question of privilege, but I think we are now beginning to generate some more heat, and I believe it would be well for me to say just a word.

I have listened very carefully to the statements made by the Leader of the Opposition, by the hon. member for Prince Albert, by the leader of the C.C.F., and others. It seems to me there are one or two things that ought to be said that have not been said, and they should be emphasized. What Your Honour wrote in your letter to Mr. Cinq-Mars has been likened by the Leader of the Opposition and others to an hon. member speaking in this house and saying the same thing about other members. It has been suggested that when an hon. member speaks in this house and says something similar to what you wrote in your letter about other hon. members you call on him to retract, and therefore that you should be called on to retract what you wrote in a personal letter.

May I suggest, Mr. Speaker, there is no relationship whatsoever in the two situations? I wonder whether it is possible that the Leader of the Opposition was implying that Your Honour has no right as a private member in this house, and in your capacity of a private member representing a constituency, to write a letter and say in that letter whatever you feel is in your own mind?

Mr. Diefenbaker: No.

Mr. Low: I wonder whether the Leader of the Opposition thinks for a moment that other hon. members of this house have not written private opinions about the distortions that took place in the pipe-line debate. I am going to tell you, Mr. Speaker, that I have expressed my opinion in letters just exactly as I suspect the Leader of the Opposition, the leader of the C.C.F. and others have expressed in letters their private opinions about your partiality, so-called, private opinions about how you possibly leaned over backwards to favour the government, and so on.

Now, Mr. Speaker, it has been suggested here that you have no right to do that. I suggest it is not a sensible piece of accusation to say that you have not that right as a private member representing a constituency. I think you have that right and I think it is your duty on occasion to write to private individuals and to express your private opinion.

Now let me go further. It has been suggested, Mr. Speaker, that it was some sort of crime or sin for you to suggest that certain members of the opposition in speaking in the pipe-line debate distorted facts for their own political purposes. I suggest that practically everything that is done in this house is done with a view to building up one's own particular political ideas and beliefs, every single thing. I might suggest, sir, that the whole course of the pipe-line debate was taken for the purpose of creating a political issue. If the facts were not distorted, certainly they were not completely placed before the house by every hon. member.

The very fact that you, Mr. Speaker, exercised your right to write a letter to a private person and in it expressed your private views certainly should not be seized upon as an excuse for again calling for the dissolution of this house and the holding of an election. I do not see that you have done anything reprehensible at all. It appears to be reprehensible in the minds of those people who are accused, of course, and I do not blame them for protesting under the circumstances, but to make a mountain out of it at this time seems to me to be very foolish.

Mr. Diefenbaker: Would the hon. member permit a question?

Mr. Low: Yes.

Mr. Diefenbaker: Would your remarks apply if the letter had been signed "Mr. Speaker" or was written as the Speaker of the house?

Mr. Low: I would think that even then he has the right to write a personal letter to anyone in his constituency or anywhere else and express his own private opinion. He is not doing it as the occupant of the chair but as the hon. member for whatever constituency he represents.

I thought I should express those points of view because it seems to me they have been suppressed by what has been said thus far. So far as we are concerned, Mr. Speaker, we want to make it abundantly clear that we feel that any member of this house who represents a constituency—whether or not at times he occupies the chair—must be granted the right to express his own private opinions in private letters and correspondence to anyone outside the house without being called to account for it in this house. If that were not so, then every single one of us would be called to account for the private letters we write and the private opinions we express in those letters and I do not think that is any business of this house at all.

Inquiries of the Ministry

FOREIGN INSURANCE COMPANIES ACT

AMENDMENTS RESPECTING FILING OF STATEMENTS, ETC.

Hon. W. E. Harris (Minister of Finance) moved the first reading of Bill No. 437 (from the Senate), to amend the Foreign Insurance Companies Act.

Motion agreed to and bill read the first time.

CANADIAN AND BRITISH INSURANCE COMPANIES ACT

AMENDMENTS RESPECTING DEPOSIT, FILING OF STATEMENTS, ETC.

Hon. W. E. Harris (Minister of Finance) moved the first reading of Bill No. 438 (from the Senate), to amend the Canadian and British Insurance Companies Act.

Motion agreed to and bill read the first time.

ROYAL CANADIAN AIR FORCE

420 SQUADRON, LONDON—REQUEST FOR RECONSIDERATION OF DISBANDMENT

On the orders of the day:

Mr. H. O. White (Middlesex East): Mr. Speaker, I should like to direct a question to the Minister of National Defence. In view of the apparent shortage of air transport facilities disclosed in the white paper recently issued by the Department of National Defence, would the minister reconsider the disbandment of 420 fighter squadron, London, and re-establish the squadron as a trainee and transport squadron?

I also have a second question. Would not a reorganization along these lines utilize the personnel and airport facilities at London rather than waste them, as now seems apparent?

Hon. R. O. Campney (Minister of National Defence): Mr. Speaker, as I said the other day, each of the auxiliary squadrons was considered from all the angles which I have mentioned on two occasions in the house and the decisions that were taken were taken in the light of those factors. It is my recollection, and I speak subject to correction, that the flying activities of the squadron at London were not very great. If I am wrong I can be corrected in that, but I think it is true. I believe it was felt the activities of those who are air-minded in the London auxiliary—and there are some very good people—could be better tied into the Royal Canadian Air Force organization in the way which is proposed under the revision of duties which has been worked out.

[Mr. Low.]

FREIGHT RATES

REQUEST THAT GOVERNMENT RESCIND RECENT INCREASE

On the orders of the day:

Mr. H. R. Argue (Assiniboia): Mr. Speaker, I should like to direct a question to the Minister of Transport arising out of the 7 per cent increase in freight rates scheduled to go into effect on Tuesday next. Has the minister considered the heavy burden such an increase will impose on primary producers and consumers in this country? Will the government use the authority given it under section 53 of the Railway Act to rescind the order of the board of transport commissioners and thus prevent any increase in freight rates at this time?

Hon. George C. Marler (Minister of Transport): Mr. Speaker, I would like to reply that I have just received a copy of the judgment. I have not had an opportunity of reading it and I therefore am not able to express any opinion upon it.

Mr. Argue: In view of the urgency of the question I wonder if the minister will study the judgment and make a reply on Monday?

Mr. Marler: Mr. Speaker, I do not think I can give that undertaking but I shall read it as soon as I can.

PRIVILEGE

MR. BOISVERT—REFERENCE TO ARTICLE IN MONTREAL "GAZETTE"

On the orders of the day:

Mr. Maurice Boisvert (Nicolet-Yamaska): Mr. Speaker, I am rising on a question of privilege. Yesterday the hon. member for Vancouver East (Mr. Winch) made a statement to some newspapermen which is published today in the Montreal *Gazette*. This statement accuses members of the committee on capital punishment of having cast their votes against their personal beliefs. As a member of that committee and speaking for myself I want to say I have given to this extremely important question of abolishing the death penalty very long and cautious study and when I voted to retain capital punishment I voted, as I have always done throughout my life, according to my conscience and according to my conviction which is the conviction of the majority of the people of the province of Quebec. I think it is most unfair for a member of parliament, inside this house or outside of it, to make a statement such as that which appears today in the Montreal *Gazette*.

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, if there is any personal imputation that is taken by my hon. friend I shall be glad to withdraw any personal imputation but on general principle I stand on exactly what I said. I will be glad of the opportunity of debating this matter and expressing my views on the floor of the house when the report on capital punishment comes before the House of Commons for discussion.

EXTERNAL AFFAIRS

ISRAEL—INQUIRY REGARDING EXPORT PERMITS FOR AIRCRAFT

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I should like to direct a question to the Acting Secretary of State for External Affairs and ask him whether he is in a position to advise, now that several weeks have gone by since consideration commenced on the part of the cabinet respecting the issue of export permits for fighter and jet aircraft to Israel, whether a decision has been arrived at to allow such export to take place. What is the present position of the matter? When does the minister expect, if a decision has not been made already, that a decision will be arrived at? Urgency seems to be of the essence.

Hon. Paul Martin (Acting Secretary of State for External Affairs): Mr. Speaker, my hon. friend gave me notice yesterday morning of this question and in reply I would say that individual applications for export permits are considered each on its merits, as has been previously reported to parliament. The specific question of jet aircraft is under consideration by the government and in reaching any decision the views of other countries concerned are and will be taken into account.

Mr. Diefenbaker: May I ask a supplementary question. Have any of the great powers suggested to Canada that it would be in order for Canada to issue export permits? Has there been any indication that such action on the part of Canada would meet with the approval of Great Britain and the United States?

Mr. Martin: I believe my hon. friend will agree readily that in these matters careful consideration should be given to every aspect of the problem. This is a matter of great importance and I do not want to add anything now to what I have said already.

GRAIN

BRITISH COLUMBIA—REPORTED CLOSING OF ELEVATOR

On the orders of the day:

Mr. F. G. J. Hahn (New Westminster): Mr. Speaker, in the absence of the Minister of Public Works (Mr. Winters) perhaps the acting minister can take my question as notice if he is not in a position to answer. Would the minister make a statement in connection with a newspaper article in the *British Columbian* of June 27 to the effect that the Searle Grain Company might close the elevator because ships could not reach the dock by reason of the fact that the south side of the Fraser river is not dredged sufficiently often to allow ships to proceed to and from the elevator without danger of being caught on a sandbar?

Hon. James Sinclair (Acting Minister of Public Works): I shall draw that matter to the attention of my colleague and I would hope there will be an answer early in the week.

BRIDGES

BRITISH COLUMBIA—REQUEST THAT FEDERAL GOVERNMENT PARTICIPATE IN COST OF CONSTRUCTION

On the orders of the day:

Mr. A. B. Patterson (Fraser Valley): Mr. Speaker, I should like to direct a question to the Minister of Public Works (Mr. Winters) or in his absence to the minister acting in that capacity. Would the minister comment on an article in the June 27 issue of the *British Columbian* to the effect that the British Columbia government has made a formal application to Ottawa to have the federal government pay half the construction costs of two lower mainland bridges and the Deas island tunnel? I might say that notice of this question and a copy of the article were sent to the minister's office.

Hon. James Sinclair (Acting Minister of Public Works): I am sure that is a question which the Minister of Public Works would want to answer himself and I shall draw it to his attention.

CANCER

REFERENCE TO SURVEY ON RESULTS OF SMOKING

On the orders of the day:

Mr. Daniel McIvor (Fort William): Mr. Speaker, I should like to ask the Minister of National Health and Welfare a question arising out of an article which appeared in the

press of yesterday morning indicating that there would be a government survey on smoking and lung cancer. This seems to be an answer to my request of six years ago and I would ask the minister if this survey will include all uses of tobacco in Canada?

Hon. Paul Martin (Minister of National Health and Welfare): Mr. Speaker, I well remember my hon. friend's interest in the question of smoking. I would not want what I have to say by way of reply to be regarded as either an affirmation or a denial of the position which he took. I simply want to say that Canadian cancer research workers and scientists, along with those of other countries, are engaged in a most important study of cancer generally, and, in this particular instance, of lung cancer. One of the important incidents of the research is an assessment of statistics concerning individuals in a particular group. The particular group referred to are co-operating and will share with the scientists themselves whatever fruitful results ensue.

PIPE LINES

TRANS-CANADA PIPE LINES—POSSIBLE EFFECTS OF STRIKE ON CONSTRUCTION

On the orders of the day:

Mr. W. M. Hamilton (Notre Dame de Grace): Mr. Speaker, in view of the possibility of a strike by steelworkers in the United States, can the Minister of Trade and Commerce inform the house how long Trans-Canada Pipe Lines will be able to continue to construct their pipe line across this country without obtaining further supplies of pipe?

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, I presume that in the event of a steel strike the production of plate for pipe for Trans-Canada will be suspended for the duration of the strike. How long the strike will last of course neither my hon. friend nor I can say. Whether the manufacture of pipe will also be suspended depends upon the stockpile of plate at the pipe mills, and that will be a matter to be determined.

Mr. Hamilton (Notre Dame de Grace): A supplementary question; is the minister undertaking any investigations or action to facilitate the continued construction of this pipe line?

Mr. Howe (Port Arthur): The pipe line is being constructed by the present owners of the pipe line and there is no occasion for the minister to make any investigations. The minister has reports on the progress of the line and the last report indicated that pipe had moved into the country to provide about 100 miles of pipe line. That is the only progress report I can give my hon. friend.

Mr. Hamilton (Notre Dame de Grace): What was the date?

Mr. Howe (Port Arthur): What was the date of what?

Mr. Hamilton (Notre Dame de Grace): Of this last report. I was questioning the minister as to the date of the progress report to which he referred when he said that there was pipe on hand for approximately 100 miles of construction.

Mr. Howe (Port Arthur): As a matter of fact I think I got that word yesterday. If my hon. friend will explain his personal interest in the situation perhaps I—

An hon. Member: He does not have to.

Mr. Fulton: Are we to take it from the minister's last remarks that he regards the pipe line as his personal property and not as something of interest to the public generally?

Mr. Howe (Port Arthur): The pipe line is the personal property of a corporation. It is corporate property.

An hon. Member: Government money.

Mr. Howe (Port Arthur): The government has loaned certain money to the corporation for the purpose of building the pipe line and has taken a mortgage on the pipe line to cover the indebtedness. The government is not responsible directly for the building of the pipe line.

Mr. Fulton: Public money is going into it.

SUPPLY

The house in committee of supply, Mr. Applewhaite in the chair.

DEPARTMENT OF DEFENCE PRODUCTION

85. Departmental administration and payments to Canadian Commercial Corporation and other corporate agencies for services provided in connection with defence purchasing and production, $6,145,727.

Mr. Howe (Port Arthur): Mr. Chairman, when the estimates of my department were before the committee previously I was outlining the position of the aircraft industry. To complete this picture of the work of the current year I should like to review, in less detail, the other principal elements of the defence production program. In the electronics field—one of growing importance to defence—there has been a slight increase in the volume of spending and the present level is likely to continue for some time to come. This is attributable in part to expenditures on the mid-Canada line, but many other

developments are involved, since the electronics program relates to a growing range of equipment needs.

Throughout this fiscal year the mid-Canada line will continue to be the largest single item in the program. Construction work on the line, as well as the manufacture and installation of equipment, are proceeding on schedule, which incidentally is a very tight one. This has involved very close co-operation between Canadian contractors and suppliers and the government agencies responsible for the project, and I would like at this time to pay tribute to the way in which industry is tackling the problem in order to ensure that the job will be completed on time.

The construction of the distant early warning line, as you know, is being undertaken and financed by the United States. However, Canadian industry has shared very substantially in this work. There has been close liaison with responsible authorities in the United States and with regard to the construction phase and the provision of electronic equipment Defence Construction Limited and the Department of Defence Production have worked with the United States to ensure that Canadian industry was given a chance to bid wherever it was possible to so arrange.

As you know, the two very large construction contracts were placed in this country, as were important transportation contracts, and a very large proportion of the materials and supplies required under these contracts has come from Canadian suppliers. In addition, the installation of communications equipment required during the construction phase is being carried out by a Canadian company. Wherever delivery schedules and technical factors permitted and where costs were competitive, contracts for electronic and related equipment have been placed in this country.

Among other major electronic projects, the current year will see development work started on an integrated electronic system for the CF-105, combining navigation, flight control and fire control equipment. As the house may realize, electronic systems of immense complexity are needed for navigation and flight control at supersonic speeds and for the extremely precise fire control required to engage targets which may themselves be travelling above the speed of sound. Work is continuing on the CF-100 flight simulator, which is one of the most complex undertaken by a Canadian company. New types of aircraft are creating requirements for new types of simulators but, as the field of flight simulation is such a highly technical one and our requirements are so limited, many factors have to be taken into account in determining where this work should be done. The contract for one of these new simulators, the CS2F Grumman, has been placed and the equipment is being produced in the United Kingdom. As a second project, there is a requirement for simulation of the CL28 maritime reconnaissance aircraft, to be undertaken this year. Large new projects are also in prospect in the area of air defence communications.

From the foregoing it will be appreciated that the over-all impact of this year's defence production program on the Canadian electronics industry will be roughly comparable with that of 1955-56. It is likely that there will be some differences in the distribution of defence work among the numerous firms in the industry. However, it should be recognized that, unlike certain other sectors of our industrial base, of which the aircraft industry is a good example, the electronics industry has a large civilian market for its products and is consequently less dependent, as a whole, on defence orders. On the other hand, it is recognized that certain segments of the industry have developed special facilities and engineering skills that are essential to the continuing defence electronics program and that have little or no civilian application. We are all aware, in this electronic age, that new developments in aircraft and weapons call for new and increasingly complicated electronic control systems, but just what this will mean to Canadian industry in the future is impossible to predict at this time.

The longer manufacturing cycles required for the production of ships mean that shipbuilding programs undertaken in previous years will be continuing throughout the current fiscal year. Work on the 13 destroyer-escorts remaining to be delivered will continue, and it is now expected that final trials will be completed on four of these ships during the year. Progress is being made on all six of the MCB class coastal minesweepers and the lead vessel is scheduled for completion this fall. The second frigate conversion program, involving five ships, is also well under way, and the first two should be completed by next spring. The aircraft carrier *Bonaventure* is nearing final completion in the United Kingdom, and delivery is expected for the late fall.

In the gun and ammunition programs, some further reduction in activity is now likely. The small arms program will be sustained throughout the coming year by the service needs arising out of the adoption of the FN rifle. The production of heavier calibre weapons and ammunition to meet current requirements may be substantially completed during the current fiscal year, and we have to consider ways of maintaining, as far as possible,

the industrial facilities and production skills associated with this work.

In this connection, I should like to refer briefly to the contracts for the three-inch 50 calibre anti-aircraft guns to which reference was made in the report of the Auditor General for the last fiscal year. These contracts were carried out by Sorel Industries Limited in its gun plant at Sorel, Quebec, on behalf of the United States and Canadian governments, and the difference of some $112,000 each in the cost to the two governments provides a good example of the heavy expense of re-establishing a facility to do this type of work.

Apart from minor extras for special equipment required by the Canadian navy, the difference in price was accounted for mainly by three items of expenditure which were considered to apply to Canadian account only, inasmuch as they related to the re-establishment of Canada's only facility for the production of heavy guns urgently required by the armed services at the outbreak of the Korean war. These were plant and staff house rehabilitation expenses totalling some $908,000, or $19,900 per gun; plant maintenance costs, covering partial compensation for the expense of retaining this highly specialized gun facility —which had little or no economic commercial use—during the period from 1945 to 1950, amounting to $35,074 per mount; and the preproduction and learning expenses amounting to $33,158 per gun. These figures represent general overhead costs of the first year's operations which could not properly be absorbed in the relatively small volume of production during that period, bearing in mind that the plant had to be reactivated and staffed from a virtual shutdown condition.

While it is true that the recorded price of guns for Canadian account exceeded the price to the United States government, it should be remembered that the payment of the foregoing costs has resulted in substantial benefits to all subsequent production contracts, including the 105 mm. and 155 mm. howitzers. A further advantage to Canada, which should not be overlooked, is that the United States order for 180 guns, contrasted with Canada's requirement of 46, absorbed approximately four-fifths of the fixed overhead charges relating to the program, and resulted in substantial cost reductions, by reason of increased efficiency over the greater production run, which were shared by both governments.

In summary, whereas, in 1951, we were faced with problems of growth and expansion in our defence production program, we are today encountering problems of maintenance and stabilization. Whereas, in the early years, our task was one of developing sources of supply to meet the demand, we are now more concerned with directing the continuing demand to established supply sources in such a manner as to use our production resources most efficiently and to safeguard their future most effectively.

The Minister of Defence Production is also responsible for a number of crown corporations, most of which are closely related to the defence production program; therefore, some mention of their activities is in order.

Canadian Arsenals Limited, in the current year, will continue to supply ammunition, small arms, instrument, and radar equipment, under contract to the Department of Defence Production, in approximately the same dollar volume as in 1955-56. Ammunition production, covering a wide range of both small arms and larger calibre gun ammunition, will again account for the greater part of the deliveries.

This year will see the first deliveries of both drawn and spiral-wrapped steel cartridge cases. The defence chemical facilities are to be augmented to permit the production of propellants for rockets and mortars, and further improvements will be made in the facilities and technique employed in the filling program. The small arms weapons plant will this fall deliver the first production models of the new FN-C1 rifle, and production will continue thereafter at a rising rate. It might be pointed out that, in addition to its role of defence contractor, Canadian Arsenals Limited, as an agent of the crown, has certain responsibilities for the development and maintenance of government arsenals and the preservation of appropriate skills and techniques.

Expenditures by Defence Construction (1951) Limited during the year ending March 31, 1957, are expected to total in the neighbourhood of $145 million. This is nearly 20 per cent higher than the expenditure figure for last year, largely as a result of the increased volume of work carried over from previous years, but it is well below the peak year of 1952-53. On the other hand, it is estimated that new contracts to be awarded during the year will decline by approximately 10 per cent to $135 million. Work on the mid-Canada line will account for the largest single share of the total expenditure, with the Camp Gagetown program in second place. It is expected that the latter project will be substantially completed by the end of this fiscal year.

Two of the remaining crown corporations operating under direction of the Minister of Defence Production, the Canadian Commercial Corporation and Crown Assets Disposal Corporation, require no appropriation since

they are financed by means of a surcharge on the volume of business handled. The annual report of Crown Assets Disposal Corporation indicates a particularly satisfactory operation for the past year, having reduced the total costs of disposal to less than 7 per cent of the proceeds realized. Last, but not least, Polymer Corporation continues to show most encouraging results, having established during the past year new record levels of sales, production and payment of dividends to the crown, after all necessary provision for depreciation and payment of normal income taxes.

Mr. Fleming: May I ask the minister a question?

Mr. Howe (Port Arthur): Yes.

Mr. Fleming: Is the new corporation, Northern Ontario Pipe Lines, coming under the Department of Trade and Commerce or under the Department of Defence Production?

Mr. Howe (Port Arthur): It is under the Department of Trade and Commerce.

Mr. Fleming: Mr. Chairman, departments of government, particularly when we come to the stage of reviewing estimates, should not have their importance judged simply by the amount of money that they ask for to finance their own departmental operations. The Department of Defence Production certainly should not be judged as to its importance by that standard. There are departments of government whose estimates greatly exceed those of this department. This department, for instance, does not compare in its expenditures with the large spending departments like national defence, finance, national health and welfare, public works, post office and others. Indeed, sir, the proposed appropriations this year amount to $22 million and comprise only seven items.

But, sir, the importance of this department is rather to be measured in other terms. First, it is to be measured by the vast powers that the department possesses and that are vested in the minister. I recall to the minds of hon. members the review of those powers in the debate during this same period of the 1955 session, powers that are unparalleled in their extent and on which, indeed, the only legal limit remaining is the limit preserved last year after an epic struggle by the opposition. I refer, of course, to the time limit.

The second factor is the amount of actual spending that this department does. This department has confided to it the expenditure or commitment of vast sums of money on behalf of other departments, in particular the Department of National Defence, that do not enter into its own departmental appropriations. Indeed, since its inception on April 1, 1951, this department has spent or committed a total of approximately $6 billion. Its expenditures, the commitments it undertakes on behalf of other departments, are running now at approximately $1 billion per annum.

The third factor, of course, is the concentration of functions and responsibilities under the present minister, for with this department, the other one he heads and the various crown corporations that are associated with these two departments this situation is like the hub of a wheel. As to the crown companies, there is a list on page 2 of the second volume of the public accounts in which it will be seen that of the 29 crown corporations there enumerated they are responsible to ministers of the government in these numbers: the Minister of Trade and Commerce, eight corporations, the Minister of Defence Production five corporations, the Minister of Transport seven corporations, the Minister of Northern Affairs and National Resources three corporations, the Minister of Finance three corporations, the president of the privy council one corporation, the Minister of National Revenue one corporation, and the Minister of Public Works one corporation.

Lately there has been added a thirtieth crown corporation, namely, Northern Ontario Pipe Line Crown Corporation, bringing to a total of 30 the number of crown corporations. Under the two portfolios which the minister holds, trade and commerce and defence production, 14 out of the 30 are responsible to him, and I am not including in that total the national research council which is also responsible to him.

The fact that so much purchasing is carried on in this department does create a position of unpredecented power so far as the minister is concerned. No other man in Canadian history has had $20 billion to spend as he has since 1939—indeed, few people in all the world at any time.

There are five crown corporations in this particular department and with respect to these crown corporations, as with the other crown corporations in the total of 30 that I have mentioned, I say that there should be a periodic and intensive review by a committee of the house of the operations of each of these crown corporations. At the present time they are much too remote from parliamentary control, and in committee of supply the machinery provided for a review of the operations of a crown corporation or, indeed, the operations of a department of this kind, is most inadequate. The committee of supply

is a committee of the whole house. It is a big, unwieldy piece of parliamentary mechanism if parliament is to approach seriously the task of undertaking a detailed review of a department with all the ramifications of the Department of Defence Production and with all the important crown corporations that are associated with it and are responsible to the minister of this department and to the same minister also as the Minister of Trade and Commerce.

Sir, what is needed is a more effective way of reviewing the operations of this department and its crown corporations. The committee on estimates has sat for the past two sessions. In each of those two years it has reviewed the estimates of four departments. So far the Department of Defence Production and the Department of Trade and Commerce have escaped the review of that committee, although we did ask at the beginning of this session that one of these departments at any rate should be referred to the committee this year. I say, Mr. Chairman, that this department is one that calls preeminently for a detailed review before a select committee of the house. In 1953 the committee on defence expenditures touched on certain aspects of the operations of this department, but so far as it touched on those operations it merely scratched the surface.

Mr. Howe (Port Arthur): May I make a comment? I may say that no department of government has been examined before a committee so closely as the department for which I am responsible. From 1940 to 1953 the committees on war expenditures and defence expenditures sat and considered the department every year. The work of the department was practically the only work considered by that committee on war expenditures.

Mr. Fleming: You will observe that I was not speaking about the war expenditures committee. I was speaking about this Department of Defence Production which has been in existence now for five years. I have drawn attention to the fact that there has not been at any time in that period a detailed review of the operations of that department. I have pointed out that the ramifications of this department are so extensive that this is preeminently a department whose operations ought to be reviewed by a committee in the well established method of review of its estimates.

Now, I was mentioning the fact that in 1953 the committee on defence expenditures had touched at certain points on the operations of this department. It was principally concerned with the expenditures charged to the Department of National Defence. It touched on certain operations of Defence Construction Limited, but so far as a review of the operations of this department is concerned I say that it did not, and could not under the circumstances, do more than scratch the surface.

The minister's statement on Wednesday—

Mr. Dickey: Both the committees in 1951 and in 1952 dealt with the department.

Mr. Fleming: The committee in 1951 sat for only about a month and this department had only come into existence at that time, so my friend is not going to pretend there was any review of the operations of this department at that time. So far as 1952 was concerned, the concern of the committee at that time was the direct expenditure on war materials and equipment. This department did not come in, except at a few odd points, in the review by that committee. So I say, Mr. Chairman, that the time is ripe and I think there should have been such a review this year. But certainly the time is ripe when there should be a detailed review of the operations of this department in a committee where there would be an effective opportunity for reviewing the business of the department, its administration and its operation in the fullest detail. This is not possible, as everyone must recognize, in this big, clumsy committee of supply.

The minister's statement on Wednesday touched on one question. He concentrated on aircraft production and procurement, admittedly a very important subject. In his statement this morning he has briefly delivered certain observations in regard to electronics and gun production and about the five crown corporations.

Now, sir, our first responsibility must be to ask ourselves, as a committee, how closely are we to assume that this department has estimated in putting before the house its request for appropriations totalling $22 million? As this department is not asking for sums comparable with those for which it was asking three or four years ago, any margin of error or excess in estimating is naturally correspondingly reduced. But I had occasion to look back, Mr. Chairman, to try to reckon the degree of accuracy that has characterized the estimating done in this department since its inception. I will give the committee the round figures. I find that for the fiscal year 1951-52, the department asked for and obtained a vote of $115 million and it expended $31 million. For the fiscal year 1952-53, it asked for and obtained $123 million and expended $89 million. For the fiscal year 1953-54, it asked for and obtained $73 million and expended $48 million. For the fiscal year 1954-55, it asked for and

obtained $40 million and expended $19 million. We have not yet received the actual expenditures for the fiscal year 1955-56.

If we take these first four years of the life of the department in aggregate, we find that the department asked for and obtained votes totalling $353 million and it actually expended—that surely is the best test of the actual needs—$187 million.

Mr. Howe (Port Arthur): Mr. Chairman, that statement is not accurate because in those votes a considerable amount was for revotes. You are counting the same money twice.

Mr. Fleming: Now, those are the figures of the actual votes; those are the figures of the actual expenditures. I have a comment to make upon them if the minister will just bide his time. Those are the moneys the house was called upon to vote to date and those are the figures of the actual expenditures from government records. When the house is asked to vote moneys—

Mr. Howe (Port Arthur): It was not all new money, though.

Mr. Fleming: Mr. Chairman, those are the votes year by year that the house was asked to vote.

Mr. Howe (Port Arthur): But I am pointing out that a considerable part of the money was a revote from the previous years.

Mr. Fleming: It does not matter about the revote. You can measure, surely, the accuracy of estimating by what the department asked for each year and what it expended.

Now, Mr. Chairman, the bulk of the difference is in the figure on capital assistance. The next item accounting for some of the difference is the figure for Canadian Arsenals, but the great bulk of the difference between what was asked for and what was found to be necessary was in the figure on capital assistance. This year, of course, the figure on capital assistance is down somewhat from last year. We wish to have, in the case of each item, a statement of the amount actually expended last year, and that has not been available as yet. We will wish to know, with respect to each item, what in detail is the best calculation of requirement.

There are important questions that arise, and will arise, in the course of a review of the administration and operations of this department. The first question that naturally arises is as to the administration of the Defence Production Act itself. In the light of the extended debate that was held last year in reference to the time extension of the minister's wide powers under that act, I wish to ask how many orders have been made under that act and ask for their listing or classification under the various sections of the act. In other words, what orders have been issued under each of the sections of the act conferring powers upon the government or minister?

I pass over, in the second place, the subject of the Northern Ontario Pipe Line and its relationship to Trans-Canada Pipe Lines in view of the announcement by the minister this morning that that corporation is going to be associated with him in his capacity as Minister of Trade and Commerce. We can come to that when the estimates of that department are before the committee of supply.

The third question that arises naturally in view of the discussion in other years is the relationship of the department with national defence. Are those relationships precisely the same as in earlier years?

Fourth, the minister has not made any comment upon the revolving fund in the department. In the annual report of the department there are certain financial statements to be found on pages 53 and 58 concerning the revolving fund. There is available in this department first of all under section 16 $100 million, and under another vote in 1951 a further $50 million, or an aggregate of $150 million as a revolving fund. All hon. members will appreciate the difficulties presented in enforcing the strict rule of parliamentary control in the case of revolving funds. The Auditor General has been questioned in the public accounts committee and in other committees concerning revolving funds in other departments. The turnover of that fund many times, of course, does permit the use of the same funds many times over, and I think it only right and proper that this committee should ask for a much more extensive review and report of the operations of the revolving fund in this department than is contained in the annual report of the department.

There is another matter to which I have referred on other occasions. It is the matter of the distribution of purchases in the department. As the discussion proceeds there will be opportunity to develop this subject in its wider context, but while the committee has noted the statement of the minister of Wednesday last to the effect that the percentage of total purchases from the United States has been greatly reduced from the original 25 per cent in the first year of operations of this department to 2 per cent last year, one must, in looking at the figures contained on pages 46 and 47 of the 1955 annual report of the department, express again regret that the department did not find it possible to make in the United

Kingdom more of the purchases that it was unable to make in Canada and in that way assist the United Kingdom with its dollar problem in order that it might in turn purchase more of our products in this country.

Hon. members will see by looking in the annual report, on the pages I have mentioned, that the net value of defence orders placed in the United States by this department in the period from April 1, 1951, to December 31, 1955, a period of 4¾ years, aggregated $545,340,000, and the value of actual expenditures on defence orders placed in the United States by the department was $572,219,000.

I turn now to the purchases in the United Kingdom. In the same period the net value of Canadian defence orders placed in the United Kingdom by this department was $163,490,000, and the value of expenditures on Canadian government defence orders placed in the United Kingdom by this department was $126,441,000. It was a very small percentage indeed of the total of purchases made in the United States.

Now, I come to two matters in concluding these remarks, Mr. Chairman. First, I refer to the basis of purchases. The annual report of the department contains this sentence on page 24:

> With the increase in Canada's industrial defence potential it has been possible to purchase more goods in Canada, to increase the number of cases in which contracts are placed on the basis of competitive tender, and to move from cost plus to target price or negotiated firm price contracts in those fields in which Canadian firms have gained more operating experience.

Now, that is an interesting statement, Mr. Chairman, and we shall certainly wish to have much more elaborate information on the subject. Therefore, I ask that we be given detailed information on the number and value and proportion out of the total of contracts placed on competitive tender and the numbers and amounts and percentages of those placed on a cost plus basis, or a target price basis, or negotiated firm price basis.

Now, sir, I come in conclusion to one other matter. I referred already to the fact that the minister heads two departments and that 14 crown corporations report to him. He has many other burdens as well, including that of Acting Prime Minister at the present time. In this house on June 14 I referred to a matter which relates to the fact that the minister is one of the executors of the estate of the late Sir James Dunn. My remarks are to be found at pages 5031 and 5032 of *Hansard*.

Mr. Howe (Port Arthur): I made comment on that in the newspapers.

Mr. Fleming: In restrained and temperate terms I referred in the house to that subject and I dealt with it strictly on the basis of principle. I want to make it quite clear, Mr. Chairman, that it was not a personal matter on my part. I spoke for Her Majesty's loyal opposition. I dealt with the matter as a question of principle. There was nothing personal as relates to the minister himself. Although the debate went on for some time the minister did not choose to enter it, but on the following day he made a statement to the press outside the house in which he did not deal with the principle that I had raised, but directed at myself aspersions and defamatory statements. I hope that the two weeks have been a sufficient cooling-off period.

Mr. Howe (Port Arthur): My hon. friend speaks about the remarks made outside the house?

Mr. Fleming: I ask the minister to take back what he said about me.

Mr. Sinclair: I thought it was an accurate statement of fact.

The Deputy Chairman: Shall the item carry?

Mr. Fleming: I ask the minister to take back those personal remarks.

Mr. Howe (Port Arthur): I said nothing that is unparliamentary or anything else. As I remember my statement—would you like me to repeat it?

Mr. Fleming: No.

Mr. Howe (Port Arthur): I was asked quite casually by a reporter what I was going to do about your remarks and—

Mr. Fleming: That is not the part I refer to.

Mr. Howe (Port Arthur): What is the part?

Mr. Fleming: The personal remarks the minister made about me. He is quite entitled, of course, to deal with the subject. I am not finding fault with what the minister says about that at all. The minister is perfectly at liberty to deal with the subject of his own plans in relation to the executorship or to anything like that. What I refer to are the personal remarks that he directed toward me. They were defamatory remarks, and I ask that those remarks be taken back.

Mr. Howe (Port Arthur): Mr. Chairman, as I remember what I said, I said that of the 263 members of the House of Commons the hon. member is the last one I would ask to instruct me on ethics. Does my hon. friend object to that?

Mr. Fleming: Yes.

Mr. Howe (Port Arthur): Who else of the 263 would he pick out to succeed himself?

Mr. Fleming: This is not such a funny matter. When remarks like these are made

outside the house I think it is best that hon. members, when they have things to say about a question of principle that arises in the house, should make the remarks in the house. This minister made such a remark and he also went on to make a further remark about myself.

Mr. Howe (Port Arthur): What was that?

Mr. Fleming: It was on the subject of ethics.

Mr. Sinclair: Let us have that, too.

Mr. Fleming: The minister knows quite well what he said.

Mr. Sinclair: Put it on the record.

Mr. Fleming: Why should I put it on the record?

Mr. Sinclair: Then you will find that the feeling is unanimous.

Mr. Fleming: The minister knows what he said. I think the matter should be dealt with in the way I have suggested, and I simply ask the minister to take back what he said about me. I think that would be the fair way to dispose of it.

Mr. Sinclair: It is so accurate.

Mr. Fleming: I am addressing my remarks through the Chair to the Minister of Defence Production, if the Minister of Fisheries does not mind.

Mr. Howe (Port Arthur): Mr. Chairman, I try to be scrupulously fair to everyone. After studying the operations of the hon. member for the past six weeks I have nothing to take back.

The Deputy Chairman: Shall the item carry?

Some hon. Members: No.

Mr. Fulton: Well, Mr. Chairman, in view of what the minister has just said, and in view of the way in which the remarks of the hon. member for Eglinton were greeted on the other side, I think the matter requires further discussion. The situation which arises out of the fact that the Minister of Defence Production, who is also the Minister of Trade and Commerce, has accepted an executorship of the estate of Sir James Dunn is a most unusual one and is one that requires to be dealt with on the basis of principle. It involves the question of a conflict of interest between the role of an individual in his capacity as Minister of Defense Production and the role of that same person in his capacity as a private citizen and as an executor of this particular estate.

In what I have to say I am not for the moment going so far as to suggest that no person, simply because he happens to be a cabinet minister, can accept an executorship of the estate of a friend; I certainly would not for a moment present that as a general proposition. I think in these matters each case has to be judged on its own circumstances. I am putting this to the minister and asking him to accept that it is put on the basis of principle, as something that requires discussion and decision on that basis, whether or not the minister feels that we interpret correctly the principles that are applied here. I ask him to accept that in our view it is a matter of principle, one that requires decision, and he should review the matter on that basis and allow us to discuss it on that basis, because his is not a normal situation.

The estate through its share holdings controls the operation and fate of one of the largest companies in Canada and at the present time certainly one of the most important, the Algoma Steel Corporation, which as the minister knows, and everybody knows —

Mr. Howe (Port Arthur): Mr. Chairman, is my hon. friend suggesting that the shares are vested in the executors? The Algoma Steel Corporation is operated by the board of directors of Algoma Steel Corporation. The executors have no right to exercise control through shares. My hon. friend is a lawyer and he knows that as well as I do.

Mr. Fulton: I do not accept for a moment the minister's statement of the position. Does the minister mean to suggest that the executors who control the largest single block of shares, if my information is correct, have no say as to the appointment of the board of directors and thus as to the decisions made?

Mr. Howe (Port Arthur): Certainly not.

Some hon. Members: Oh, oh.

Mr. Fulton: This must be an extremely unusual company. I did not want to put this matter on a personal basis, so perhaps the minister will allow me to say this with a smile; that knowing the character and personality of the Minister of Defence Production I think I can fairly say he is not an individual who fails to make his weight felt in any business or organization with which he is connected.

Mr. Howe (Port Arthur): I may say, Mr. Chairman, that after I found out I had been appointed executor and after I learned the reason why Sir James wished me to be an executor, I consulted a firm of lawyers which I think command the respect of my hon. friend. I received a report from them and I was assured that, if I confined my work as I stated I intended to do to them and to the other shareholders, there could be no possible

conflict. My hon. friend can make what he likes of that but if he would like to see the report from the lawyers I would be glad to show it to him. Their reputation is just as high as that of my hon. friend or anyone in his group.

Mr. Fulton: I am sure that may very well be so. It would be interesting to see the letter and it would be equally interesting to know the thoughts in the mind of the minister when he asked for an opinion.

Mr. Diefenbaker: He must have been in doubt.

Mr. Howe (Port Arthur): Of course I was.

Mr. Fulton: I think there may properly be a difference of opinion in this matter and that is one of the points I intended to deal with. According to press reports—and I am reading now from one which appeared in the Montreal *Gazette* on April 21, 1956—the minister said:

> Asked today about rumors that he would withdraw—

That is, withdraw from the executorship.

> —Mr. Howe said he had been asked by Sir James to serve as an executor in order that he might help ensure the holdings are disposed of in the public interest.
>
> That would be his only responsibility, Mr. Howe said. He would not play any part in handling tax payments or other financial arrangements apart from property disposal.

I assume it was that statement of the position the minister was referring to when he said he had an opinion from these solicitors that if he confined his activities to those matters there would be no conflict of interest. I do not know what the minister's legal advice might have been in specific terms but it certainly is a proposition I have never heard suggested that you can have a split personality as an executor.

An executor in my understanding—and my hon. friends who practice law in Ontario can tell me if the law here is any different from that in my own province, and I do not believe it is—an executor cannot accept only a limited executorship. He is an executor for all purposes and he is jointly responsible with his co-executors for any decisions that are arrived at and is bound to an equal extent with his co-executors by the actions of the executors; therefore for the minister to say he intends only to concern himself with the matter of the eventual disposition of the property and not to take any part in or accept responsibility for any valuations or tax payments—

Mr. Howe (Port Arthur): I did not say that I did not accept any responsibility. I said I would be taking no part. It was understood by my co-executors that I would take no part. Of course, an executor takes the responsibility for what happens to the property for which he is the executor and I share that responsibility with four other executors.

Mr. Fulton: Exactly.

Mr. Howe (Port Arthur): Well, don't worry about it.

Mr. Fulton: I stated the proposition that the minister cannot split his personality or limit his responsibility as an executor. As I said, the minister is not a person who is in the habit of controlling his actions and expressions, his words and conduct, in such a way that they do not have a very great influence on those with whom he is associated.

Mr. Howe (Port Arthur): You are giving your opinion now, are you?

Mr. Fulton: I am giving my opinion based upon observations and based upon facts.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Fulton: Mr. Chairman, when the committee rose at one o-clock I was dealing with the position of the Minister of Defence Production and the conflict of interests between his position as minister and his position as an executor of the estate of Sir James Dunn in the light of the fact that the estate controls, through its shareholdings, the Algoma Steel Company and its affiliated or subordinated companies. Before one o'clock, in the few minutes I had been speaking, the minister indicated pretty clearly that he felt it was entirely inappropriate for us to raise this matter and to question his position. I regret to say that in so far as his personal relationships are concerned I regard this as a matter which has to be discussed in the House of Commons because there is too important a principle involved to let it go by.

Mr. Howe (Port Arthur): May I ask my hon. friend what reference it has to the estimates of the Department of Defence Production?

Mr. Fulton: I intend to show that.

Mr. Howe (Port Arthur): Would it not be a good idea to show that now?

Mr. Fulton: I mention it now on the estimates of this department because the policies adopted and the practices followed by this department will have a most important and immediate bearing upon the welfare of the

company to which I have referred, namely the Algoma Steel Company. The minister cannot, and I hope will not, try to pretend that the welfare and indeed the income and revenues of that company are not going to be affected by the policies of both departments of which he is minister. I shall refer to this in somewhat greater detail during the course of my remarks.

I had assumed that it was only going to be necessary to state the principles which we in this party believe to be applicable to a situation of this kind and outline the conflict and leave it at that, and that we might then leave it to the judgment of the minister or, if he refused to change his course after having reflected on the matter, to the judgment of the country. But unfortunately, or fortunately perhaps, the minister had already raised some questions as to the legal basis upon which I rest the case which I am making and I shall therefore deal with that particular aspect of the matter at once.

The minister has said outside the house, and as I understand it he has repeated it in the house, in justification of his position that the only role he intends to pursue as executor and trustee of this estate is one with respect to the ultimate disposition of the assets. As he says, his duty will be simply to ensure that they are disposed of in the national interest and that in that exclusive role he will be serving, not only the national interest but also the wishes of the testator, his personal friend. With the motives of that position I of course have no quarrel but I do have most serious disagreement with the minister, both as to whether he should have undertaken the duty of executor and trustee in the light of the issues involved and also as to whether an executor can be a limited executor in the sense which the minister prescribes for himself. Some question was raised as to whether I was on sound ground in saying that the minister cannot limit his executorship and I should like to refer to Widdifield on Executors' Accounts, a Canadian authority, published in 1944. At page 37 of the fourth edition I find the following extract under the chapter headed "Duty of an Executor—Realizing Assets":

> The first duty of a trustee, whether an executor, an administrator or a guardian, is to acquaint himself, as soon as possible, with the nature and circumstances of the trust property; to make a complete inventory thereof; to obtain, where possible, the possession or control of the trust property to himself, and, subject to the provisions of the will, get in the trust money invested on insufficient or hazardous security: *Underhill on Trusts*, 8th ed., 222.
>
> Persons who become trustees are bound to inquire of what the trust property consists and look into the trust documents and papers to ascertain the condition of the estate: *Hallows v. Lloyd*, 39 Ch. D. 691.

That is a statement of the general principle applicable to executors and trustees. There then follow in that chapter a number of detailed authorities. The minister has told us that he has a letter from a solicitor in Toronto whose authority and knowledge I cannot question even if I would, because I do not know who he is. The minister has said that the effect of that letter is that he could—I hope I am stating fairly the effect of the minister's statement—that he could in fact be a limited executor and that there is no conflict of interest between his position as executor acting in that limited capacity and his position as minister.

As I say, I do not accept for a moment the principle that the minister as executor can divorce himself from responsibility for any and all of the actions, responsibilities and liabilities of the executors as a whole. In case the question may be raised that an executor is not bound and therefore is not liable or responsible for the decisions of his co-executors or co-trustees unless he has knowledge of them, I should like to refer to another passage in Widdifield. My contention is that the minister cannot take that position because his duty as executor and trustee is to have knowledge of all the actions and decisions of and dispositions made by his co-trustees. If he fails to have such knowledge, not only is he guilty of a breach of his duty as trustee but he would not be relieved from liability simply because he had refused to acquire that knowledge. In support of that I would cite Widdifield at page 339 as follows:

> A trustee who does nothing, accepts without enquiry what is said by his co-executor, and is satisfied with any explanation given by him, does not act "honestly" within the meaning of the act.

The act referred to there is the Trustee Act. Then certain authorities are quoted in support of that proposition. Even if he wishes, the minister cannot personally evade his responsibility by failing to acquire knowledge of the acts or decisions of his co-trustees in every field of their responsibility. Secondly, if he should refuse to acquire that knowledge he is not acting honestly as trustee. I use the word "honestly" in the sense in which it is used in the textbook.

The simple proposition is that the minister, however much he may wish to, cannot accept an executorship in a limited capacity. His only course is to accept it and be responsible for and bound by and interested in every one of the duties and liabilities of an executor, or to renounce entirely. Up to date the minister has stated that he does not intend to renounce, therefore in my submission there is an immediate conflict of duty and interest between the minister as executor and the

minister as minister of two departments of this government and as a senior member of the government as a whole.

The first area of conflict is in the matter of the evaluation of the estate assets and settlement of succession duties, and payment of income taxes on the revenue from the property before there is final distribution. This is one of the largest, if not the largest, estates in the history of Canada. As such it is going to be liable for very substantial succession duties, duties owing to and exigible by the Department of National Revenue, duties which it is the obligation of this government, exercised in this case through the Minister of National Revenue, to assess and collect at the largest amount properly assessable and collectible as against this estate.

As executor and trustee, however, Mr. C. D. Howe is under the obligation of negotiating with the Department of National Revenue, one of the departments of this government, to ensure that the duties assessed and collected are the minimum which can properly be held to be due on this estate.

Sir, the very statement of the position—a department of government whose duty it is to collect the maximum properly collectible, and an executor whose duty it is to see that the smallest amount properly payable is in fact assessed and paid—the statement of that position reveals at once the conflict of interest.

Secondly, there is a conflict of interest in that one of the executors of the estate is also the Minister of Defence Production and Minister of Trade and Commerce of this government. It is an inescapable fact that the policies of those two departments and the practices followed by those departments in the exercise of those policies are going to have an immediate bearing and effect upon the welfare, the revenues and the incomes of the estate of which he is an executor.

The Department of Defence Production, as the agent in its capacity described earlier by the hon. member for Eglinton, the purchasing agent particularly for the defence department and some of the other departments of government, is through its policies going to have a very direct bearing upon the future of the steel industry and the related industries of Canada. As Minister of Trade and Commerce—and I shall deal with this in more detail later—but particularly as the minister responsible for the trans-Canada pipe line and other related aspects of the economy of Canada, his policies and the policies of that department under him are going to have a bearing upon the future conduct and welfare of the Algoma Steel Company and therefore of the estate of which he is an executor.

These facts have to be stated. Every increase, sir, in the value of the shares of the Algoma Steel, from the day after the day of Sir James Dunn's death until duties are paid, is going to have a bearing upon the ability of that estate to pay succession duties and the ease, if you like, with which they are paid. In other words, an increase in the value of the shares after the death will represent a profit to the estate which can be used, in part at any rate, towards the payment of duties when they are realized without depreciating or lessening the value of the estate as it may be determined to have been at the date of death.

The policies of two departments of government are going to have an effect upon the value of those shares every day and from day to day. Those are facts which the minister cannot escape. I have no compunction or regret in stating the facts, however much the minister may resent my doing so. They are facts that have to be stated in order that their implications may be understood, because they are demonstrations of the extent to which there is a direct conflict of interests and of the extent to which the minister's position as executor of this estate and as minister of these two departments is improper.

The third area of conflict, related to the other two, is of course the fact that the affairs of the company, and therefore of the estate, and the affairs of the steel industry in general, are affected by the pipe-line bill which the minister has just jammed through this parliament.

The Deputy Chairman: Order. I am going to ask the hon. member—and I think perhaps I have intentionally given him considerable latitude—not to pursue that particular line of thought further. Previously a speaker on this same item of the estimates ascertained which of the present minister's departments the pipe-line bill came under and voluntarily, I think, and willingly immediately dropped that line of thought and discussion, indicating that it would come up under the Department of Trade and Commerce. I think that what has been done for one member should be done in the case of another, and I would ask the hon. member for Kamloops not to follow that particular line of thought further.

Mr. Fleming: Mr. Chairman, with respect, I think I am the member to whom you refer. I think it is a different situation altogether. I indicated that I had a number of questions

to ask at the appropriate time, concerning the Northern Ontario Pipe Line company, and in particular what has been done since the enactment of the bill. That relates to administration. In view of what was said this morning, that will properly come under the other department, but what my hon. friend from Kamloops is now saying is not to open up that subject at all. He is simply alluding to a situation that has arisen which bears directly upon the point of conflict of interests. The two things are quite different, as I think you will realize if the member proceeds.

The Deputy Chairman: I am not arguing whether or not there is a conflict of interests as between the government and an estate which might be connected with the pipe-line bill. I did not object to the allusion. I asked the hon. member for Kamloops—and I think he indicated his assent by nodding his head—not to proceed further because, quite frankly, what I am trying to head off is other members following a similar line of thought and perhaps discussing at some length under this department the crown corporation which doubtless will be discussed at great length under another department, and I do not think the committee of the whole would want to discuss the same thing twice.

Mr. Fulton: I think I can accommodate myself to your suggestion, Mr. Chairman, without in any way weakening my argument. I have stated the fact and I do not think it requires any elaboration. The principle is equally applicable to that situation, that is, the pipe-line situation, as it is to the whole area of the Department of Defence Production. Having referred to the situation, I can then leave it there.

These conflicts exist. The potential areas of conflict exist. I call them potential, but in fact the situation cannot continue without an actual conflict arising. It is useless for the minister to say that by raising these matters we are bringing his morals or his personal honesty or integrity into the question. He may be the most—

Mr. Harris: He is.

Mr. Fulton: He may be the most able, and most honest of men, a man of fullest integrity—

Some hon. Members: Hear, hear. We know he is.

Mr. Fulton: —as I say, he may be, but he cannot occupy those two positions without a fundamental moral conflict arising, and if he wants to preserve his reputation for integrity and honesty then it is up to him to resolve that conflict, because that is the situation in which he is placed and from which he cannot escape.

I believe, sir, that the people of Canada should not have their government or any member of it placed in a position where these questions and these sorts of conflict arise so that questions must arise and be asked as to how the situation can be permitted to continue. For it cannot continue without either an abdication of responsibility and duty on the part of the minister in his private capacity as executor or, on the other hand, disadvantageous results accruing to the general interests of the country which the minister represents in his official capacity as minister. That situation, sir, is not a tenable one, not one which should be imposed upon the people of the country or their interests by any man however able, however honest, however much he may have succeeded in doing in the past.

The minister says, however, that he has accepted this executorship, and I understand that at the moment at any rate he says he is going to continue in it because he regards it first as a patriotic duty and, second, because it is an undertaking, a position he was asked to accept by a friend. With the dictates of friendship and the acceptance of the obligations imposed by friendship I have no quarrel as a general proposition. I stated at the outset that I am not seeking to lay down a general proposition that no minister of the crown can accept the executorship of the estate of a friend. I said that every case has to be judged upon its particular circumstances, and this case unquestionably is one where the circumstances raise the questions that I am now raising.

The minister may have felt that he was under obligation to a friend but, sir, I suggest, indeed I state as a fact, that the minister is under a higher obligation. He is under an obligation to the government of which he is a member and to the country which that government is called upon to serve, and where he finds his inclinations as the result of friendship and his duty as a member of the government in conflict I suggest to you, sir, without reservation, that the higher duty is that towards the government and the country, and that this must override even the obligations of friendship.

As for the patriotic duty, the minister says that he is anxious to accept this executorship in order to be able to ensure that the assets, which are of importance to the welfare of this nation, are disposed of in the national interest. The very acceptance of that proposition substantiates my point that an estate controlling an industry of

this national importance must inevitably have its welfare, its revenues and its income affected by the policies of the government of which the minister is a member. On the one hand the very fact that the disposal of it involves considerations of the national interest indicates its size and its ramifications; on the other we have a minister of the government whose duties, as he has accepted them, also in their ramifications extend into almost every facet of our economy.

But it is to me a strange confession of impotence, which this government has never been willing to make before, that in order to influence or determine the disposition of a vast industry so essential to the national welfare as this one, the Minister of Trade and Commerce has to accept the executorship of the estate. Does the minister seriously mean to say that this government as such, with him there, Minister of Trade and Commerce, Minister of Defence Production, controller of steel and all his other powers, could not determine the disposition of this company without his being an executor of the estate? Of course it could, and the argument he uses there is but the most absurd of rationalizations in an attempt to justify what is an impossible position.

I realize that in these remarks I have been discussing a matter of principle. It is a matter of principle, this question of the conflict of interest between the private capacities of ministers and their public duties, and it does affect the very structure and foundation of our government. These principles, principles we talk about in the House of Commons, may not be important to the minister personally. They may be regarded by him as a nuisance. He may have the view, and it does achieve results, that it is what you do that counts, not how you do it, and that therefore these matters are but of secondary importance and when they get in his way they are to be brushed aside.

But these principles, although they may not be important to the minister personally, are important to the system under which the government of this country and the government of every democratic country works. They are fundamental to the system. They are an integral part of the system and the system cannot be preserved, cannot work and will not continue into the future as a vital, effective system unless these principles are observed and maintained. These principles are not only fundamental and vital to the system but they are also fundamental and vital to the people who are the beneficiaries of this system of government founded upon the principles that I have been discussing.

[Mr. Fulton.]

Finally, sir, I say again that it is the minister's duty, however inconvenient he finds these principles and their observance, to resolve the conflict of interest by ending that conflict in whichever way he wants, but in my view he has to make the decision and to end it. I only trust that he himself will do so and that if he does not see fit to do so the Prime Minister will insist that it be done, and that he will, by ending the conflict, show respect for our system and the principles upon which it is founded.

Mr. Nicholson: Mr. Chairman, I wish to support the argument advanced by the hon. member for Kamloops. A year ago my colleague, the hon. member for Winnipeg North Centre, presented to the house bill 379, an act to amend the Senate and House of Commons Act. While the bill did not pass it did result in the Leader of the Opposition, the Minister of Finance and the hon. member for Winnipeg North Centre all making very interesting contributions to the discussion. The bill was very simple. Its main provision was in these words:

> No person who is a director of a company incorporated under the Companies Act or under any other public general act of Canada, or incorporated by a local or private act of Canada, shall be eligible to be a member of the Queen's privy council for Canada and a minister of the crown.

The member for Winnipeg North Centre did not make any reference to a member of the cabinet being an executor but I think the spirit of the discussion which took place at that time should have been observed by all members of the cabinet. I think that we all appreciate the position in which the minister found himself when an old and trusted friend made this sort of request, but those who seek public office have to be prepared to make sacrifices. One of my best friends passed away while the pipe line debate was on. The invitation to be present at the funeral was one that I found very difficult to turn down, but I had been elected by 50,000 people to represent their interests in parliament and much as I sympathized with the relatives of my very close friend I felt obliged to say that I could not go west to attend the funeral.

I am sure that the late Sir James Dunn would have understood the position of his very good friend if the minister in charge of this department had said: In the event that I am no longer a minister of the crown when you pass away I shall, of course, be prepared to discharge my obligations as an executor but should I be a minister of the crown then in the interests of the estate, in

the interests of the people of Canada I feel that I should not be placed in this impossible position.

I find that on July 20 last year, near the end of the session, the Leader of the Opposition found occasion to raise this very important question because, as hon. members will recall, the Minister of National Revenue was involved in an estate in connection with his duties as a director of a trust company. It seems hard to understand why, although we discussed that question on July 20, the Minister of National Revenue had resigned his position and yet did not inform us. I submit that that was a typical disregard for parliament of which this government, which has been in office so long, has been guilty on so many occasions. I think that when the Leader of the Opposition raised this question it would have been a very easy matter for the Minister of National Revenue to have risen and stated: While I insist that I have not abused my position as a minister, in view of the public criticism and to protect the good name of parliament and parliamentary institutions, I have resigned. But the minister did not show us that courtesy.

The Deputy Chairman: The hon. member, I think, will sympathize with me if I ask him if he will come back to the Departmnt of Defence Production.

Mr. Nicholson: Very well, Mr. Chairman. I submit that the discussion we had a year ago, with reference to a cabinet minister who had disregarded the traditions which have been accepted in Great Britain for so many years, is a matter that we should have before us now. The point of view of the hon. member for Winnipeg North Centre when he presented his bill last year is, I think, relevant. He referred to a discussion which took place here away back in 1921 when the Liberals were in the opposition, and when Mr. McMaster had this to say as reported at page 586 of *Hansard* of March 4, 1921:

> I say that no man who is a minister of the crown in this country has any time left to fulfil the duties of a director. That is my first proposition, and I think it is a proposition which will appeal as a reasonable one to members of this house. We have the best of authority for the statement that no man can serve two masters. Either he will have to neglect his duty as a minister or he will have to neglect his duty as a director, if he holds both positions at one and the same time.

Instead of the word "director" I am sure that if Mr. McMaster were discussing it he would substitute the word "executor".

Then, at page 587 of the same volume Mr. McMaster went on to say:

> Now, we should be, and I trust we all are, jealous for the good name of this house. We are told by authority, almost as great as the authority I have just quoted, that we are to "abstain from the very appearance of evil". Years ago Tennyson wrote about "The fierce light that beats upon the throne".
>
> Well, I do not think that light is comparable to the fierce light that beats upon men who enter parliament at this time of the world's history. I do not think that I am using the language of extravagance when I say that all governmental institutions are on trial and are being subjected to criticism which is not only strong but often bitter and often unjust.

An hon. Member: Get back to defence production.

Mr. Nicholson: I am sure the hon. member who just interrupted will have the greatest respect for his former leader, Mr. Mackenzie King, who took part in the debate and shared the views of Mr. McMaster on this important question. I think the point Mr. McMaster raised is true, that a minister is busy enough performing his duties as a minister without being asked to be responsible as an executor of what is, I understand, the largest estate that has ever been built up by a single person in Canadian history. I find in the telephone directory—

Mr. Howe (Port Arthur): That is not true, incidentally.

Mr. Nicholson: The minister says it is not true, but it is one of the largest. My information that it is the largest comes from one newspaper, but if the minister will tell us of a larger estate that will be of interest. I find that the minister is responsible to the parliament of Canada for Atomic Energy of Canada; Canadian Arsenals; Canadian Commercial Corporation; Crown Assets Disposal Corporation; Eldorado Mining and Refining Limited; T. C. A.; Polymer Corporation and Trade and Commerce. Surely there is enough work in the Department of Trade and Commerce to keep any ordinary person busy for all the hours that there are in the days and in the years.

I submit, Mr. Chairman, in view of the discussion last year which resulted in the Minister of National Revenue giving up a connection with a corporation with which he had very sincere and close connections, this Minister of Defence Production should not place his colleagues in the position in which they are now placed. I refer again to the part the Prime Minister took last year when this matter was before parliament, as indicated on page 6451 of *Hansard* for July 20, 1955. The Prime Minister of Canada said that when he was asked to take a cabinet portfolio, there was not any question about what his course of action should be. He said:

> I had felt that there would have been no possibility of conflict of interest in the way I discharged my duties as minister, when I became one, and those other connections, but I did not want to be exposed to any unfair criticism, which

is unfortunately frequently the lot of those who do attempt to serve their fellow citizens in public life.

Having set that example himself as the leader of the government, I cannot understand any member of parliament considering accepting a cabinet position without matching the example set by the Prime Minister. As the hon. member for Kamloops pointed out, the corporation with which the minister is now associated in such an intimate position is one corporation that benefits very directly from the policies of the government. The Algoma Steel is one of the very important beneficiaries of the decisions made by the minister in his capacity as Minister of Defence Production or in some of the other capacities in connection with other responsibilities. I feel that in order to maintain the good name of parliament, which is receiving so much criticism at this particular time, the minister should make his choice. He should either give up his post as minister of the crown or give up his connection as executor looking after one of the largest personal estates which has been accumulated in Canadian history.

Before I sit down I also want to express the hope that the minister, who apparently receives very little criticism as a result of his decisions as Minister of Defence Production, would use similar ideals and similar policies in dealing with some of the other departments, more particularly the department which affects the people I represent, the department which looks after the marketing of farm products. I think in due course we will have a discussion of that. I wish he would carry over to his other departments the idea that those who perform essential services should be paid on a cost plus basis.

Mr. Dickey: I do not want to take any lengthy part in this discussion, Mr. Chairman, but I do want to say a word or two. First of all, I want to deal with the implication, which I think was very unwarranted and improper, contained in the final portion of the remarks made by the hon. member for Kamloops. He very clearly implied that he considered what had occurred indicated that the Minister of Defence Production is not personally concerned about the principles with which the hon. member for Kamloops was dealing and which he was trying to explain and expose. That is, on the facts, a completely unwarranted imputation and I am sure that if the hon. member for Kamloops had realized what the facts are that have been explained to him, and to the house, he would certainly agree. What is the position? The position is that the Minister of Defence Production has explained he was asked to accept this executorship for a particular purpose by his late friend. He then secured the opinion of counsel, an opinion which he asked for and which was to guide him as to whether or not there would be any impropriety in his accepting this trust. He explained to the committee that the opinion of counsel he had engaged was that there would be no conflict of interest which would require him to refuse to accept the responsibilities that he had been requested to accept.

Mr. Diefenbaker: Has the parliamentary assistant the letter and also the opinion that was given?

Mr. Dickey: No, I have not the opinion. The opinion was to the Minister of Defence Production. The point I am making, and which I am sure the hon. member will appreciate, is that this was an honourable and proper approach to the question of principle with which the hon. member for Kamloops was trying to deal.

Any Canadian citizen who is in doubt about his rights under the law has the proper recourse of going to a reputable firm of solicitors, requesting their advice, getting their advice and acting upon it. Now, that advice may, in the opinion of some other people, be wrong, but it is quite improper and quite unreasonable for the hon. member to impute, as he did, that what has occurred indicates any lack of concern on the part of the Minister of Defence Production for the principles which are involved. I submit it is clear that he acted as any honourable and sensible Canadian would act under similar circumstances, and that his position is protected in so far as that is concerned by the actions which he took.

Now, let us look at the matter of principle. First of all, I think I should put on the record something which will perhaps be presumed but should, I think, be definitely stated, and that is that the acceptance of an executorship is a fiduciary capacity; that accepting it does not create any personal interest of any kind in a person who acts as such executor or trustee; that he, as an executor or trustee, has no personal interest in the assets of the estate which he accepts, or anything of that kind; that this is purely a fiduciary capacity which carries no personal interest of any kind in any shares or in any other asset which may be in the estate.

Mr. Fulton: Will the parliamentary assistant not agree with me that once having accepted, the trustee is under the personal obligation

to discharge the terms of the trust, and in so discharging them to fulfil his duty to the estate? His duty to the estate is a fiduciary one, but he is under a personal obligation to discharge it.

Mr. Dickey: I will deal with that. The point I was making, so that it would be clear on the record, is that there is no personal advantage or interest to the Minister of Defence Production involved. That is the first thing. The second arises out of the remarks of the hon. member for Mackenzie. He drew in the position with respect to directors. I want to state it clearly so that it will be shown on the record. No trustee or executor of an estate of this kind becomes a director, or has any connection with a company like the Algoma Steel of a directorship nature. The direction of the company remains, as it always was, in the duly elected members of the board of directors, and that the only duty or authority of executors is to deal with the assets of the estate, and if they happen to be shares in one or more companies, the trustees do not in any sense become connected with those companies in the kind of way, or in the kind of association that I believe the hon. member for Mackenzie was trying to indicate.

Let me deal as briefly as I can with the question of the principle that the hon. member raised. I suggest, Mr. Chairman, that the hon. member should have gone a little more deeply into a number of principles and understood and appreciated them better before he took the attitude that he has taken. He quoted a number of references from a particular work and he made the general exposition of the responsibilities of an executor. With that I have no particular quarrel.

What the hon. member overlooks, and what any person who tries to argue the same position that the hon. member tried to establish will overlook, is that the acceptance of a fiduciary relationship or capacity of this kind is one that can only be taken by personal acceptance. As the hon. member knows, the appointment of a certain person as an executor or a trustee under a will does not mean that that person has to become an executor or trustee and accept the responsibility. What the minister has said is that he, after having taken competent legal advice, decided that as he had been assured that he was not going to place himself in a position where there would be a conflict of interest he was prepared to accept the responsibility which had been offered to him. He was accepting that responsibility fully but, with the knowledge and consent of the others who were to act in a similar capacity with him, his activities in that capacity were to be very strictly limited, and limited to the particular purpose which had been set out by the person who had named him an executor and indicated his desire that he should act in that particular capacity and in that capacity only. The position, as stated by the minister, is that he realizes he has a full, joint responsibility with the other executors for the manner in which this estate is administered, but that he is voluntarily limiting his own activities in that position to the particular purpose for which he was asked to act and in which he accepts to act.

Mr. Fulton: My point is, he is saying that but he cannot do it.

Mr. Dickey: That may be the hon. member's opinion but it is not the legal position. What is the position? The position is simply this: If this estate is not properly administered and if a creditor of the estate, or if one of the beneficiaries who are the real owners of all of the assets of the estate, or if some person in that capacity complains that the estate has not been properly administered and brings an action in that respect, the Minister of Defence Production will be equally responsible with all the others to answer to that action. However, he has voluntarily restricted his activities in this position to the responsibility that he has been particularly singled out and requested to assume and that is understood by the other executors and by everybody interested in the estate. The hon. member says he cannot do that. I suggest that he clearly can do that. For example, to go to a field that is a little more familiar, let us look at what is the position of directors of a company. They are in a fiduciary position with respect to the interests of the company. If a question arises for decision before that board of directors in which a director has a personal interest contrary to the interests of the company or where there is any conflict he does not cease to act as a director; all he does is disclose to his co-directors that he has a personal interest in this matter and that in so far as any decision with respect to it is concerned he will take no part in it and will not vote on the motion resolving question.

That is a case which is clearly on all fours with the position of an executor who accepts full responsibility with his other executors but who voluntarily limits his participation in the administration of that estate to the particular point that he has been requested to act upon. I assume from what the hon. member said he does not suggest for a moment that the fact the Minister of Defence Production has accepted the responsibility of remaining an executor of this estate, to take no other part in the administration except

to see that the disposal of the assets is undertaken in the national interest, would constitute a conflict of interest which would justify their complaining of his acting in that capacity.

I am not going to deal with the various points raised by the hon. member as potential areas of conflict because my submission is that there is no conflict by reason of the fact the minister clearly stated at the time he accepted the responsibility of the executorship that he was voluntarily limiting his participation in the administration of the estate to that one specific and limited field.

The fact is, the Minister of Defence Production is taking that position and in view of that position he is not accepting any executor's fees or any emolument of any kind from the estate. Therefore the position is that he has no personal interest in the assets, he has voluntarily put aside from himself any activity connected with the estate or with any of the matters the hon. member has raised with the exception of the particular responsibility that has been clearly stated and which I submit to this committee is obviously not one which involves any conflict of interest with his public duties.

Mr. Campbell: I wonder if the parliamentary assistant to the minister would answer a question. What would be the position of the minister, for instance, if the Department of Defence Production wanted a supply of steel? Steel might be in short supply and the Algoma Steel Corporation might say, "We will give you the steel but we will jack up the price". Would the minister not be in a position between the two forces that might be detrimental to him and to the country?

Mr. Dickey: Not at all, Mr. Chairman, because he has no voice in the management of the Algoma Steel Corporation at all, even acting as an executor with full authority; but certainly in accepting an executorship under the circumstances outlined there is not the slightest possible conflict.

Mr. Campbell: But he is putting himself in a very dangerous position.

Mr. Hamilton (Notre Dame de Grace): Mr. Chairman, might I ask the hon. member who has just resumed his seat a question. The hon. member has claimed that the minister plans to abstain from certain aspects of the operation of the estate where there might be a conflict of interest. I wonder if the hon. member knows the position the minister will take concerning abstaining from his ministerial duties and some of the operations of his department which in some way or another will affect the steel industry of Canada and the multitude of other interests involved in this estate.

Mr. Dickey: Well, Mr. Chairman, the situation is that the minister announced publicly his intention with respect to his activities with regard to the estate at the time he accepted the responsibility. In so far as his ministerial duties are concerned I can assure the hon. member and the committee that the minister will continue to perform his ministerial responsibilities in the outstanding manner he has always performed them in the past.

Mr. Fulton: That does not answer the question.

Mr. Hamilton (Notre Dame de Grace): Might I ask if perhaps the minister would care to announce his intentions in this respect at this time.

The Deputy Chairman: The hon. member for Peel.

Mr. Hamilton (Notre Dame de Grace): Mr. Chairman, I am certain the minister would like to give an answer to the point I raised.

Mr. Pallett: Mr. Chairman, I had some other remarks to make concerning this department but since the speech was made by the senior member for Halifax I think there are certain suggestions contained in that speech which might be dealt with at this time.

The law in Nova Scotia may be different from the law in Ontario; I do not know. But I was always under the impression that the duty of a trustee was to carry out the business of a trust exactly as he would carry out his own business, and that to my mind is the fundamental role of trust. In accepting a trust a man must accept that fundamental role and if he does carry out the business exactly as his own then he must take every means to limit the liability of this trust and increase the profits of it. That is the proper function of a trustee. At the same time it is the proper function of a minister to ensure that the very best interests of the country and the government are carried out in all aspects.

It seems to me there is a head-on collision between those two interests and I think that head-on collision was recognized by the minister when he sought legal advice. The very fact that he asked for the opinion suggests, to me at least, there was some doubt in his mind; and if there is doubt I suggest that it should be resolved in favour of the ministerial position and a resignation from the other so that no doubt can be cast on the position of this minister, or any minister of this government, whoever he may be. His position as minister and his position in the

government are much higher than a mere personal interest. There is a standard to which we have looked in the past in relation to governments in this country; they must at all times be above reproach. The very fact that there must have been doubt in the minister's own mind of itself casts some shadow. To suggest, as did the senior member for Halifax, that the majority shareholders do not call the tune in a company—after all, you have to be over 21 years old before you are elected a member of parliament.

An hon. Member: No mention of I.Q.

Mr. Lesage: Is the hon. member 21?

Mr. Pallett: The minister of northern affairs interrupts and says that I am not 21.

Mr. Lesage: You have the brains of a seven year old.

Mr. Pallett: My six year old boy shows more intelligence than some people across the way. But that the majority shareholder of a company does not call the tune is a suggestion we are being asked to accept today. The directors of a company are elected annually. The annual meeting of this company has just been held, and in anticipation that dividends would be declared or that there would be a stock split the shares went up in the neighbourhood of $10 per share. Apparently that did not happen and they went down again.

At the annual meeting of a company the directors report, and they are either allowed to retain office or are removed at the will of the shareholders. The majority shareholder controls who are elected as directors. That must go on the record, and that must be taken as demonstrating that the majority shareholder in a company does in fact control it. For the senior member for Halifax to suggest to us that that is not the position is to ask us to stretch our imaginations just a little bit too far.

When listening to the hon. member I had occasion to reflect upon his statement that the minister should ask for an opinion on a question of principle. That is a serious statement to make about his own minister, that he is not able in his own mind to formulate an opinion on a question of principle. The minister did ask for an opinion after he learned he was to be appointed executor, and I give him full marks for doing so. But to suggest that he would have to ask for an opinion when a principle is involved is for the parliamentary assistant to cast some reflection upon the minister. I suggest that the minister deal with him accordingly in due course.

The parliamentary assistant suggests that the fact that you are named an executor does not mean you assume the full responsibilities of an executor. You do not, provided you renounce. But when you sign the application form you sign an affidavit that you will faithfully administer the assets of the estate. You do not agree to faithfully administer this part or some other part, you swear you will faithfully administer the estate.

As the hon. member for Kamloops has said, in this particular instance the minister found himself in a position perhaps not of his own choosing. He was faced with the conflict between carrying out a duty for a friend, a friend who had built up a large steel industry in this country, a friend who had many other interests in the country, a friend who in the conduct of affairs in the company had not shown too much regard for individual shareholders when declaring dividends, a friend who wanted his friend to carry out the affairs of the estate in the best interests of the company, and carrying out the best interests of this country. The minister can best carry out the best interests of this country as Minister of Defence Production and his other portfolio without having any conflict, without having to resolve in his own mind which is right.

What happens if there is a labour dispute? Supposing the steel strike in the United States extended to Canada; what would be the situation then? The minister would then be in the position of acting as the controller or owner who would call the shots as owner and not from labour's viewpoint, and he would also be in the position of a minister of the government whose function it is to protect labour in this country. How would he resolve that question? There would be a very definite and marked conflict.

I think we have every sympathy for him. I do not envy the position in which he finds himself. I think it is a soul-searching decision which he has to make. About a year ago the Minister of National Revenue was called upon to make a similar decision, and I give him full marks for making it in the right way, no doubt at some personal expense and loss to himself. The Minister of Defence Production has stated that he is not accepting any remuneration from this estate, so there will be no loss incurred. The minister would not be walking out and asking some stranger to be appointed in his place, as there are four other executors of this estate. I leave it to him; his duty to the country is higher than his duty to any individual.

Mr. Churchill: Mr. Chairman, during the remarks of the parliamentary assistant to the Minister of Defence Production the remark

was made that in this instance there is no conflict of interest. That raises the question of what constitutes a conflict of interest in so far as a minister of the crown is concerned. The parliamentary assistant drew attention to the fact that the minister had consulted a legal firm and received an opinion. I submit that in matters of this sort where questions of parliamentary government are concerned an examination of the precedents and parliamentary practice would be a better guide.

There is a body of opinion which serves as a guide for all commonwealth parliaments. We have had an instance or two in this house in other years where there have been conflicts of interest affecting cabinet ministers. This is a point which deserves serious consideration. Ministers of the crown are charged with heavy responsibility which we and the people of the country recognize. They have a responsibility for the welfare of the country as a whole.

Over the years the problem of conflict of interest has arisen in the mother of parliaments at Westminster and has been resolved. Statements have been made at different times by prime ministers with regard to what cabinet ministers should do in instances where there was or appeared to be a conflict between their public duties and their private interests.

In this particular case that is before us, though it differs from the problems which have arisen in other instances—that is, it differs from the directorships and it differs from the holding of shares in companies—nevertheless there is an analogy to be drawn from the decisions arrived in the past in relation to those two matters. There are numerous instances within fairly recent times in the house at Westminster of this question of conflict of interest.

The standard work on cabinet government by Ivor Jennings devotes a portion of a chapter to this very problem, and I think the parliamentary assistant to the Minister of Defence Production might very well have applied his mind to this before making his statement in the house. Members might be interested in what Professor Ivor Jennings says on this particular question, and I propose to quote from pages 99 and 100 of the book called "Cabinet Government". In 1913 one of the startling cases that occurred in England dealt with the question of shares in the Marconi company. There was an extensive debate. People like Lloyd George were involved. The prime minister of the day, Mr. Asquith, dealt at some length with that exceedingly difficult problem and laid down the following propositions. Some of these, of course, do not apply directly to the point at issue, but I suggest that by analogy the inference may be drawn. Here is what he said:

> The first . . . and the most obvious is that ministers ought not to enter into any transaction whereby their private pecuniary interest might, even conceivably, come into conflict with their public duty. . . . Again, no minister is justified under any circumstances in using official information, information that has come to him as a minister, for his own private profit or for that of his friends. Further, no minister ought to allow or to put himself into a position to be tempted to use his official influence in support of any scheme or in furtherance of any contract in regard to which he has an undisclosed private interest. . . . Again, no minister ought to accept from persons who are in negotiation with or seeking to enter into contractual or proprietary or pecuniary relations with the state any kind of favour. . . . I will add a further proposition, which I am not sure has been completely formulated, though it has no doubt been adumbrated in the course of these debates, and that is that ministers should scrupulously avoid speculative investments in securities as to which, from their special means of early or confidential information, they have or may have an advantage over other people in anticipating market changes.

Then Professor Jennings goes on to make this comment:

> These he stated as "rules of obligation". He added that there were certain "rules of prudence" which had never been formulated and which could hardly be put on precise or universal terms. "One of those rules is that in these matters such persons should carefully avoid all transactions which can give colour or countenance to the belief that they are doing anything which the rules of obligation forbid."

In 1937 Sir John Simon, one of the most distinguished members of the bar of England and of the House of Commons at that time, speaking on behalf of the Prime Minister in a debate which dealt with conflict of interest, used these words:

> In the first place, it is plain that in no circumstances must a man who holds the position of a minister ever allow himself to be in such a situation that his public duty will conflict with his private interests. . . . The second principle is that no man should allow himself to occupy any portion of the time which he is bound to devote to his public duties, and pursuing any private interest whatever, whether it is in playing golf or in the nature of business. The third principle is that inasmuch as the secrets of the government are specially in charge of cabinet ministers, no minister, and particularly, no cabinet minister, must in any circumstances put himself in a position where he is not able to be the complete guardian of those secrets in that there is any possibility of any private interests being served through a knowledge of those secrets.

I do not propose speaking at length on this subject, but I thought it wise to draw attention to this body of opinion that has been built up in England and which is worthy of note in any parliament. The position of cabinet minister is such an important position

that parliaments and the public have generally recognized that the interest of the state takes precedence over any other interest a cabinet minister might have, and it is important to bear that in mind. It is important to review that from time to time.

The practice in England, from what I have read about it, is that the Prime Minister takes an interest in the matters in which members of his cabinet may be privately interested, and ensures that there shall be no actual or apparent conflict of interest between their public duty and anything that concerns them privately. That is a fundamental principle with regard to cabinet government.

I think in this particular instance before us the Minister of Defence Production has to examine his position very carefully and consider whether or not a conflict of interest might arise. If there is any possibility that a conflict of interest might arise, I should think his duty would be to divest himself of any obligations that would result in any conflict of that nature. If all ministers of the crown kept before them this fundamental principle there would not be any shadow of suspicion in the minds of the public with regard to anything that was being done by ministers of the crown as such. The feeling would be that they were devoting their whole time and their whole attention to the welfare of the country at large, and that they were not permitting anything in the nature of their own private interests or the private interests of friends of theirs to interfere with their public duty. It is on that basis that I think the minister should consider his present situation.

Mr. Hamilton (York West): Mr. Chairman, ordinarily back here I think we feel a great desire to take part in debates and we find that on a great many occasions we do not seem to have the opportunity. I must say that today I approach this particular task with considerable reluctance. I should like to borrow an expression that is often used by the hon. member for York-Humber, that I approach this job more in sorrow than in anger.

There is a rule, I think, or legal principle that testators cannot rule succeeding generations from the grave. As a matter of fact our laws have been designed to ensure that that does not happen. We have heard of estates being tied up for the lives in being and 21 years thereafter to ensure that no matter how much certain people wished to carry out what they thought were the testator's wishes, there was a restriction upon their position.

I have listened today to the senior member for Halifax and the minister, and it seems to me that they are trying to convey to the house that there is some type of overriding moral obligation on the minister to the late Sir James Dunn. I do not feel that there is either a legal obligation or a moral obligation. I would rather imagine that the testator, had he known the real and true position in which he was putting the minister today, would not have inserted his name as one of the executors and trustees of his estate. I might say that there is a provision for the renunciation of the duties that fall upon an executor or trustee, but that renunciation must be before or at the time of the application for probate.

I say to the senior member for Halifax, as the hon. member for Peel has said, that once the oath is taken the duties are not divisible. Once the oath is taken the responsibilities are there, and I do not feel that you can divide your job as executor and trustee of an estate. I listened to the senior member for Halifax talk about who runs the company and about the directors, and I want to tell him it is very elementary that in actual fact the operations of a company are controlled by the shareholders.

Mr. Richardson: Not at all.

Mr. Hamilton (York West): We will have the opportunity to hear from the corporation experts on the other side of the house. The ultimate authority for the operation of a company rests with the controlling shareholders. I wonder whether the minister is a shareholder. I do not think there is any doubt that under the devolution of estates act upon the death of a testator the full benefit of the shares goes to the executors and trustees. There may be a mechanical requirement, an application for transmission of the shares, but I would assume that in this case even that has been done. I would say that at that time not only are the shares vested in theory but they are vested in fact, and I would not doubt that at this very moment the controlling block of shares in the Algoma Steel Corporation and the share certificates that represent that control read in the names of the executors and trustees of the estate of Sir James Dunn. I would say that in that case the minister is the actual owner of shares in that company.

We have heard a lot about people being directors of companies. We have even asked in this house that a member of the treasury benches resign his office as a director, and I would not doubt that he only owned one share. Here is a case where the shares are vested in a minister who has the right to elect and remove directors and to control the fortunes of this company.

We are not the only people who feel this way about the matter. I am looking at an editorial in the Winnipeg *Tribune*. I am not going to read it, Mr. Chairman, but it points out how ridiculous this situation is. It indicates the position that would arise if the Steel Company of Canada should suggest that now that the minister is controlling some phases of the operation of Algoma he might also be interested in becoming a director of Stelco. We can see how ridiculous that situation would be.

There is no doubt that in addition to the legal arguments that have been made there is a grave problem of principle. This problem might easily be overcome without any sacrifice of the prestige or the position the minister holds by a simple renunciation at this time of his position as executor of this estate.

Mr. Michener: Mr. Chairman, before dealing with one aspect of this problem with which the committee is now engaged I should like to ask the parliamentary assistant if in the will there is any limitation on the appointment of the minister as an executor.

Mr. Dickey: My understanding was that the reason the minister's name was placed in the will as an executor was stated in the will, and that he was to perform the functions indicated.

Mr. Michener: He was named as one of the five executors without any special or limited duties?

Mr. Dickey: By a separate codicil, not in the will itself where the other four are named.

Mr. Michener: I submit if there is any limitation or special provision which differentiates his position as an executor from that of the other four it would be relevant to have that clearly on the record so the limitations of that position would be clear to the committee. I am not proposing to speak about the minister's responsibilities as an executor. They have been discussed at length. It is clear what an executor's responsibilities are. It is also clear that the estate has the controlling votes with respect to the corporation in question, the Algoma Steel Company, and that the controlling votes have the power to elect the board of directors. Whether or not the executors are directors, they have the power to name directors at the annual meeting each year, and perhaps the power to recall directors in the course of the year if the bylaws so provide.

But I should like to call the attention of the committee to the other role which the minister has been occupying for a great many years and is engaged in at the present time, in order to point up the possibilities of conflict, whether or not in fact they arise.

It seems to me that the standard of conduct of a minister was sufficiently defined in the debate last year. I recall that a great many definitions by statesmen of the past and present were put on the record. We have heard today from the hon. member for Winnipeg South Centre, so there is no need to repeat the discussion of the standard of conduct. It really amounts to this, that the important thing is to avoid even the appearance of conflict in the discharge of public duties.

The matter I wish to bring to your attention, Mr. Chairman, is the position in which the minister stands with a number of commercial corporations which are agencies of the crown. There are in fact 14, as has been said today, that are responsible directly to this minister, five of them in his capacity as Minister of Defence Production and the others in his capacity as Minister of Trade and Commerce. One might take two or three of them at random to see the scope of the activities of these corporations and how their affairs might impinge on the affairs of some commercial corporation like Algoma Steel. One might very well begin with the Canadian Commercial Corporation. I have its report here for the year ending March 31, 1956. On page 5 the report states:

> The purposes of the corporation are to assist in the development of trade between Canada and other nations; to assist in the disposal of goods and commodities that are available for export from Canada; and, when requested, to act for the Minister of Defence Production and others in the manner provided by statutes of Canada.

That is the minister whose estimates we are now considering. That corporation carries on very extensive operations. Its balance sheets are set forth in the report, showing assets of $147 million at the end of the fiscal year 1956, and also recording its transactions for the year.

Then the next corporation that I think is worth while considering in this connection is Defence Construction (1951) Limited, whose annual report for 1956 has just been received by the members. This corporation, as its name indicates, does work for the national defence department and it sets out in its report the contracts it has awarded during the year under review. On page 5 the report sets out that 773 new contracts were awarded which, together with change orders issued, had a total value of $143 million. That was a sizeable volume of business, and it is business of a character which undoubtedly brings it into business relationship with

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

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

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

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

> This year marks the 10th anniversary of Canadian Arsenals Limited which was established in the year 1945, by letters patent, under part I of the Companies Act, 1934: The company:—
>
> (a) produces warlike stores and equipment to the order of the Department of Defence Production. Such stores and equipment may be for the Canadian fighting forces, members of NATO—

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

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

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

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

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

> 1. It is a principle of public life that ministers must so order their affairs that no conflict arises, or appears to arise, between their private interests and their public duties.
>
> 2. Such a conflict may arise if a minister takes an active part in any undertaking which may have contractual or other relations with a government department, more particularly with his own department. It may arise, not only if the minister has a financial interest in such an undertaking, but also if he is actively associated with any body, even of a philanthrophic character, which might have negotiations or other dealings with the government or be involved in disputes with it. Furthermore ministers should be free to give full attention to their official duties, and they should not engage in other activities which might be thought to distract their attention from those duties.

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

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

this country, an estate that is conservatively valued at over $60 million, in respect of which the Canadian people will, through the medium of taxation, take a very large portion in succession duties. On the other hand the minister, however much he circumscribes his activities, cannot but unconsciously affect the amount of taxation which will be levied against that estate. It is all right; that in no way ascribes anything dishonourable to him. I follow the course in parliament of not casting aspersions of personal impropriety against those who oppose me or those on the opposite side. I think parliament must be above those considerations, and I try to follow that, sir.

Mr. Martin: And particularly in this instance.

Mr. Diefenbaker: In all instances.

Mr. Martin: Particularly in this one.

Mr. Diefenbaker: If I ever rise—and I hope the time never comes that I do—to ascribe to those who oppose me personal wrongdoing, or make that suggestion, it will be more than a suggestion.

I mention that because I felt rather keenly the remarks the minister made to the press regarding the hon. member for Eglinton following a reference to this question in the House of Commons. The minister ascribed to the hon. member for Eglinton what I do not believe should be ascribed to any hon. member inside or outside of the house. I do not intend to quote the words because I do not intend to have those words, unfair as they are to the hon. member for Eglinton, inscribed in the records of the House of Commons and embalmed there for future generations to look at.

However much the minister may wish to dissociate himself from that conflict of interest, it is there. It cannot be removed by the mere say-so of the parliamentary assistant. The minister said he received counsel's advice on this question. The mere fact that he sought counsel's advice indicates that he had in his own mind—

Mr. Dickey: Indicates ordinary prudence in a matter of this kind.

Mr. Diefenbaker: Ordinary prudence? He had in his own mind some grave doubt as to whether or not what he was about to assume in respect to an executorship would have the result of causing a conflict of interest which would be incompatible with either the discharge of his high responsibility as a minister of the crown or his responsibility under the will as an executor.

Mr. Dickey: It was a perfectly proper matter on which to get a legal opinion.

[Mr. Diefenbaker.]

Mr. Diefenbaker: I am not arguing about whether it was perfectly proper to ask counsel for the advice.

Mr. Dickey: Yes, you are.

Mr. Diefenbaker: As a matter of fact we lawyers would not have a profession unless people sought our opinions.

Mr. Harris: We could not afford to be here.

Mr. Diefenbaker: Well, now, as a matter of fact I could not agree more than I do with the Minister of Finance in that connection; but certainly the extent to which our opinions are sought after we come here does have a very diminishing effect on our incomes in the profession. However, in order to find out whether or not the advice given is apprehended within the criticism that has been offered here this afternoon I intend to ask these two questions. I ask first that the letter from the minister to his counsel, which will set out the questions that were placed before the counsel for opinion, be tabled in the house. Second, I ask that counsel's opinion be tabled. After all, it is so easy to say that counsel's opinion was secured on the question as to whether or not there would be a clash of interest.

As a matter of fact counsel, in order to give that opinion, would have to consider not only legal principles but would also have to consider the principles that have been followed in parliaments which follow British traditions in respect to this matter. That is the first suggestion I make. Let us have the letter asking for the opinion, and also let us have the opinion; for unless we have both of them, merely the ex parte statement on the part of the parliamentary assistant that we have counsel's opinion—

Mr. Dickey: No, the minister's statement; the minister was the one who originally said he had sought a legal opinion.

Mr. Diefenbaker: The opinion of counsel quoted as a buttress and support for the contention that there is no clash of interest should be produced so that each of us may judge as to whether or not the point that has been raised here this afternoon is effectual. Without it the mere say-so on the part of the parliamentary assistant that the opinion was secured by the minister is meaningless. We want to find out what questions were asked and what evidence was placed before counsel in order that we may learn whether or not counsel was giving support to the proposition advanced by either the minister or the parliamentary assistant.

Secondly, the contention is that there is very little interest; after all, it is merely the estate's interest in Algoma Steel. Would the

minister advise the number of common shares held by the estate of Sir James Dunn in Algoma Steel? Those are simple questions, and they would go a long way toward clarifying the atmosphere.

Certainly it is passing strange that the opinion of counsel should have been secured by the minister if in the innermost recesses of his mind he had not entertained considerable doubt concerning the propriety of accepting a position with an estate the major assets of which are in a company which, directly or indirectly, has contracts with the Department of Defence Production. In addition to that the estate has an interest in keeping to a minimum the amount of taxation which will be levied against the estate, and it is the responsibility of the executors to preserve that interest.

No doubt there is an explanation, though it has not been forthcoming, of why it should have been necessary to place the minister in an invidious position, one that is difficult to justify; for if we are to maintain our parliamentary position one of the major means of achieving that end is that in our business and personal relationships we must abdicate many of those things which would bring us monetary returns. We must give them up as part of the ransom we pay for the opportunity of public service.

When I hear men in the public service being criticized I always think back to one principle, and it is this. How many men in the House of Commons who are making their contributions would, outside of the house, make much greater returns were it not for the fact that in their hearts and souls they have a desire for public service, to enter public life. All of us must resign ourselves to having less of the material benefits of life. All of us have to make that sacrifice, and because we do that an unwritten law exists which has for its authority generations of parliamentary government. That unwritten law is that not only must we be actually above suspicion in any way but our actions must have that appearance as well.

I believe the answers to the two questions I have asked will go a long way toward clarifying the situation, for until replies to these two simple questions are given all we do is meet a declaration of principle, whether answered by the parliamentary assistant or the minister, by the simple statement that there is no clash of interest. I suggest that the minister place before parliament the opinion he received. He is using the opinion as the explanation of his conduct. Let us see the opinion and the basis upon which it was given.

Mr. Hamilton (Notre Dame de Grace): Mr. Chairman, earlier in the afternoon I had occasion to ask the parliamentary assistant to the Minister of Defence Production what the minister's attitude might be toward his ministerial responsibility in connection with the problem we are now discussing. I received a rather unsatisfactory answer from the parliamentary assistant and no answer from the minister. I assume the parliamentary assistant has been carrying the ball for the minister in this respect.

I thought it would be interesting to check very quickly into some of the expenditures shown in the public accounts for last year that might be involved in this connection. Unfortunately I was handicapped by not having a list of the companies over which the minister will have some control in his capacity as executor of this estate. As a very minor example, and to show how far down the line this sort of thing can go, I would point out that last year the Department of National Defence, for which the Department of Defence Production procures supplies, equipment and services, is charged with over $100,000 for payments to Canada Steamship Lines Limited. Canada Steamship Lines Limited is one of the major holdings in the Dunn estate—

Mr. Howe (Port Arthur): No.

Mr. Hamilton (Notre Dame de Grace):— through an intercorporate structure.

Mr. Howe (Port Arthur): No.

Mr. Hamilton (Notre Dame de Grace): I see that the minister shakes his head. Would he like to deny that the Dunn estate and Sir James Dunn had any connection with Canada Steamship Lines Limited?

Mr. Howe (Port Arthur): Indirectly the Dunn estate may have an interest but the shares in question are owned by Algoma Steel Corporation.

Mr. Fulton: Exactly.

Mr. Hamilton (Notre Dame de Grace): There we are again. The minister shakes his head and then says that indirectly Canada Steamship Lines Limited is controlled by the Dunn estate. That is the type of thing which makes it so difficult to follow these matters through. We receive one answer in one breath and a completely contradictory answer in the next breath. We have established, however, by the minister's own words just now, the fact that this estate of which he is an executor has a very substantial interest in Canada Steamship Lines Limited. We have established from the accounts of the government for the year ending

March 31, 1955, which are the latest available, that the government through the Department of National Defence under the control of the Department of Defence Production is a major customer of Canada Steamship Lines Limited. I think this reduces to its essential principle the conflict of interest which exists here.

This is not the biggest conflict of interest by any manner of means, Mr. Chairman. If we had a list of the multitude of companies in which this estate is involved we could take that list and the thousands and thousands of companies with which the Department of National Defence has had some connection, and could show in case after case that there was close correlation between the two.

It seems impossible to me that a man fulfilling his responsibilities as conscientiously as I know the minister will fulfil them as executor of this estate would not come into conflict with his responsibilities as Minister of Defence Production. I lay no claim to high legal knowledge, any more than is in the possession of the average businessman, but I think anyone who has had anything to do with the settlement of an estate or the work of an executor knows that one of the fundamental responsibilities of an executor is to maximize the amount to be realized from that estate, to make it as great as the executor possibly can make it. On the other hand, the responsibility of a conscientious minister is to minimize the expenditures of his department and of the government. I realize, of course, that the minister is not one of those who is known as having an interest in minimizing the expenses of his department or of the government as a whole, but that—

Mr. Howe (Port Arthur): On a question of personal privilege, I have been a minister of the government for 21 years and it has been said in this debate that I have spent more government money than any other man who ever lived in Canada. If every little twerp—excuse me—some one who is just out of kindergarten can get up here and slander me as he likes, I do not like it. I think my hon. friend had better withdraw his statement that I have not spent this country's money carefully.

Mr. Hamilton (Notre Dame de Grace): I do not know to whom the minister was referring when he said just out of kindergarten, but I know it was not to me.

An hon. Member: Have you not graduated yet?

[Mr. Hamilton (Notre Dame de Grace).]

Mr. Hamilton (Notre Dame de Grace): Undoubtedly the minister was carried away by his feelings at the moment and I quite understand and excuse him. However, I have no intention of changing or withdrawing any words unless—

Mr. Howe (Port Arthur): Go right ahead; no one expects you to do anything decent. You have never bothered about decency since you have been in this parliament; the official snooper of the opposition.

Mr. Hamilton (Notre Dame de Grace): I have no intention of withdrawing words.

Mr. Drew: Mr. Chairman, are there no terms of decency to be imposed by the Chair in this house?

Some hon. Members: Oh, oh.

The Deputy Chairman: I am not too certain to what the hon. Leader of the Opposition is referring. I heard statements from both sides of the house both of which were in the nature of a negative. I do not pretend to be able to quote them word for word. The hon. member for Notre Dame de Grace said something to the effect that the minister was not famous for his spending of the funds of the country with care. In his reply the hon. minister stated something to the effect that the hon. member for Notre Dame de Grace was not famous for decency, for doing the decent thing, or something to that effect. If I may say so quite frankly to both sides of the house, I am not called upon to express an opinion as to the courtesy of either expression, but I do not think either one of them went so far as to justify an interruption by the Chair.

Mr. Hamilton (Notre Dame de Grace): As I was saying when the minister made his interjection, I have no intention of withdrawing, unless you so direct, remarks which are perfectly parliamentary and which have been borne out time and again in this house by the minister's own observations and the minister's own answers. When I speak about minimizing the expenditures of this government I am reminded of a French expression which I think is quite adequate, bon père de famille. That is a person who is careful, a person who is cautious, a person who examines expenditures in detail before making them, and above all a person who has a frugal attitude toward money he is expending. I suggest that the minister's rather famous observation of two or three years ago, "What's a million dollars?" hardly indicates a person who is going to be noted for care in the expenditure of public funds.

A few minutes ago the minister said rather proudly—I forget his exact words—that he had spent more money than anyone else in the

history of this country. I admit that immediately. I admit also that in many ways and at many times the minister has done a job which has brought great credit to himself and great benefit to Canada. But that has not necessarily made him immune from criticism nor is the minister, because he has a satisfactory record in some respects, necessarily perfect in all respects.

I think as the years have gone by the hon. and venerable gentleman has come perhaps to have great confidence in himself, but that is a confidence which some of us do not always share. I underline the word "always" because I think we should be left in this house—

Mr. Sinclair: Even the gallery does not like it.

An hon. Member: One of your playmates.

An hon. Member: Calling for mother.

An hon. Member: Probably a taxpayer.

An hon. Member: A taxpayer crying protest.

Mr. Hamilton (Notre Dame de Grace): Someone has pointed out that may very well be a taxpayer crying in protest, or it may be a visiting member of the Port Arthur Liberal association.

An hon. Member: The Canadian public.

Mr. Hamilton (Notre Dame de Grace): No matter what the minister thinks I believe we on this side should be privileged to examine his actions, to go into them with some care, to question him about them if we do not agree, and to criticize him on occasion. That seems to be the major point of difference between the Minister of Defence Production and ourselves. He objects to criticism of any sort.

Returning to the argument which I was making before, and which seemed to cause the minister some concern, the argument is that if anyone will take the areas of economic interest which have come to the minister as executor of the Dunn estate and compare those areas of specific economic and business interests with the suppliers of this federal government, from whom the Minister of National Defence is purchasing supplies, equipment and services, they will find that there is a close correlation between these two fields. In the matter of two or three minutes between the time I came into this house with the volumes of these public accounts—and I went to my office to get them—and the time I got up to speak, I was able to find one of those areas of conflict, and it is a comparatively small one, just over $100,000. Incidentally I was also able to get the minister to contradict himself in the first few minutes of his speech, but that was a by-product and has nothing to do with this particular argument.

As long as those areas of conflict continue —and they will continue as long as the minister holds this executorship—I do not think that we can have the same confidence in his ministerial decisions.

Mr. Howe (Port Arthur): Don't worry about that, smart boy. I don't care whether or not you have confidence.

Mr. Hamilton (Notre Dame de Grace): Mr. Chairman, it might be a good idea to remind the minister of one of the basic principles of debate in this house, which is that all remarks are directed to the Chair. I remember that on a previous occasion he called the Speaker of this house "junior"; now he is calling you a smart boy.

Mr. Sinclair: Not to the Chair in committee, but to the Speaker of the house.

Mr. Fulton: Certainly in committee.

Mr. Hamilton (Notre Dame de Grace): I enjoy these interruptions. They show how little the members of the cabinet know about the rules of the house.

Mr. Howe (Port Arthur): I will say that this is the most intelligent speech we have had on this subject from the other side.

Mr. Hamilton (Notre Dame de Grace): This afternoon the senior member for Halifax, had I taken his words as they were intended to impress me and had I no other knowledge of the subject, would have left me with the feeling that the minister was almost a ghost in connection with the executorship of this estate. He had chosen to renounce all his rights, he had chosen to renounce his control over the details of the administration of the estate, and he was only to come in at the very end as a sort of guiding light or spiritual adviser to the executors after everything else had been taken care of.

I must say that the arguments which have been made since that time, which have been from a legal point of view, have satisfied me of the very great responsibilities of the minister in connection with this estate and his obligation to carry out those responsibilities by a very active connection with the detailed administration of the estate. I know he has a lawyer's opinion that indicates that he does not need to follow through on these matters, but I suggest to you that we would not even have lawyers if all of them were always in agreement. I wonder how much trust or confidence can be placed in this one opinion which, as far as I know, has not actually been read into the records of this house, nor has the source itself been defined.

I have some other observations on the first item of this department, but before entering upon those I shall resume my seat so that anyone else who wishes to touch on this specific matter will have an opportunity to do so and so that the debate may be kept together.

Mr. Dinsdale: I do not intend to pursue the question that has been before the house during the earlier part of the afternoon, because as I have listened to the discussion I have felt that it has been very adequately covered by my colleagues on this side of the house. I am not discontinuing the discussion at this time because my feelings are any less intense on the matter. I should like to support to the full the statements in regard to this point of principle that has been raised by the other members who have taken part in the discussion.

Before I came to the House of Commons, as a private citizen I was of the opinion that anyone who assumed the position of minister of the crown did so with a sense of responsibility and a sense of humility, as becomes a servant of the public; and I still think anyone who carries out the high responsibility of service to Her Majesty should do so with singleness of purpose and without allowing any other outside interests to interfere or overlap in that peculiar responsibility in a democratic country.

Now I want to give some attention to certain aspects that could be properly discussed under this first item of the departmental estimates before the house at the present time. I want to deal in the first instance with Canada's aircraft production program; second, with the guided missile program, and finally I have some comments to make on the development of our radar screen in general with particular reference to the D.E.W. line development, which is the last aspect of the three-line radar screen to be undertaken in the defence of Canada and the whole North American continent.

The minister, in his statement in introducing the estimates, spent some considerable time on the progress of our aircraft production industry. It was encouraging to note that certain aspects of the program undertaken in the build-up just before, during and after the Korean crisis have now reached completion. He mentioned specifically the Harvard program and the T-33 program as having been completed and the CF-100 Canadian all-weather jet fighter program as well under control at the present time.

I must admit at the outset, Mr. Chairman, that following the drastic decline in our aircraft industry at the end of world war II we have made a fair degree of recovery. At the peak period of production during world war II the aircraft industry in Canada, largely devoted to military production of course, was employing some 120,000 Canadians. I remember receiving some correspondence from a friend of mine, a lady some 65 years of age at that time, and she enclosed a photograph of herself in overalls. During those emergency days she had been called into the aircraft industry and was working on the Mosquito assembly line. Underneath the picture she had written: "I build 'em and you fly 'em."

That was the sort of spirit manifested by Canadians during world war II which made it possible to achieve such a tremendous output in a relatively short time after years of delay by the government in building up a sufficient defence industry in this country. It was the spirit of the people, as demonstrated in that particular incident, that made it possible to achieve such a remarkable level of production in a relatively short time. But by 1946 the aircraft industry had almost completely melted away, with the total number of employees being some 6,000, a tremendous drop from such a high employment level.

The minister told us that the industry has come back in the Canadian economy so that now it occupies ninth place in factory value and is in third place so far as employment of Canadian labour is concerned. In the 10-year interval since 1946 we have recovered to a large extent the ground that was lost through the rather hasty, unwise demobilization of the industry that took place in the immediate post-war years.

It is not necessary this afternoon to discuss in detail the mistakes that were made in the hasty build-up. During the years I have been a member of the house these mistakes and errors in judgment have been pointed out on many occasions. For example, there has been reference to the CF-100 program. After it was realized that we had not made the world safe for democracy and that it was going to be necessary to have some continuing defence measures we moved rather rapidly to produce an aircraft that would be suitable to carry out an essentially defensive role, and the CF-100, or the XF-100 as it was originally called, was gradually put into production.

After many setbacks and mistakes in judgment, which I suppose could have been expected in developing an aircraft of this type from scratch, the CF-100 is now in service in Canada carrying out a basic fighter defence role, and we are informed that it will continue to serve adequately in that capacity for at least one or two years more. In fact it has to serve for the next one or

two years, because according to the information we are able to obtain its successor, the CF-105, will not be off the assembly line or in production until two years hence.

I give that brief survey of the history of the CF-100 because I sometimes feel that, with respect to the program under way at the present time, we are heading into some of the same mistakes that dogged our footsteps in our first effort at producing an all-Canadian military aircraft. It was originally expected that the CF-100 would be in demand by the R.A.F. and some of the other allied countries which did not have a modern all-weather jet interceptor available or even in process of production at that time. As it turned out, the CF-100 was never sought by any other country and the total demand for the Canadian all-weather fighter came from our own Royal Canadian Air Force. Today in military or aircraft production—I can almost use the words interchangeably, because by the very nature of the circumstances aircraft production and the stimulus to aircraft production have been pretty closely tied to the demands of defence and military activities—we are gradually shifting the emphasis toward the CF-105 delta wing interceptor and the CL28 anti-submarine or coastal reconnaissance aircraft which is being developed from the Bristol Britannia.

The Deputy Chairman: Order. It being five o'clock, the house must proceed to the consideration of private and public bills.

Progress reported.

PRIVATE BILL

NIAGARA LOWER ARCH BRIDGE COMPANY LIMITED

The house in committee on Bill No. 434, respecting Niagara Lower Arch Bridge Company Limited—Mr. Houck—Mr. Applewhaite in the chair.

The Deputy Chairman: This bill comes to the committee from the standing committee on railways, canals and telegraph lines, where one amendment was made.

On clause 1—*Declaratory.*

Mr. Michener: Would the chairman inform the committee what amendment was made? My copy does not show it.

The Deputy Chairman: In the railways, canals and telegraph lines committee, clause 2 of the bill was amended by adding the word "sale" immediately after the words "provided that such". The clause then would read: "Provided that such sale, assignment, transfer or conveyance shall have been first approved—"

Mr. Michener: This, I take it, is a non-contentious bill and I do not know that it needs any explanation to the committee. The bridge in question is one with which members, I think, may be familiar. It crosses the Niagara river in the city of Niagara Falls, Ontario, to Niagara Falls, New York, and is one of two bridges in that locality, the other being called the Rainbow bridge or honeymoon bridge which is closer to the falls than this by about a mile and a quarter.

This bridge, unlike most of the bridges in the Niagara district, is a privately-operated bridge, being operated by the company described in this bill and a corresponding company on the United States side. The Rainbow bridge is operated by a semi-public commission appointed by the government, as is the Peace bridge at the top of the Niagara river. The only other bridge which spans the Niagara in this district is the one at Lewiston.

As the bill indicates, the purpose is to clear up the authority of the private company which operates the bridge to dispose of its assets, including its franchise, and there appears to be no reason why they should not have the full authority to carry out whatever plans they may have. The bill seems to be limited to that one specific objective, and there seems to be no objection to it.

Clause agreed to.

Clause 2 agreed to.

Preamble agreed to.

Title agreed to.

Bill reported, read the third time and passed.

The Acting Speaker (Mr. Applewhaite): The business reserved for the private and public bills hour having been disposed of, the house will resume consideration of the business interrupted at five o'clock.

SUPPLY

The house in committee of supply, Mr. Applewhaite in the chair.

DEPARTMENT OF DEFENCE PRODUCTION

85. Departmental administration and payments to Canadian Commercial Corporation and other corporate agencies for services provided in connection with defence purchasing and production, $6,145,727.

Mr. Dinsdale: Mr. Chairman, continuing the discussion that was interrupted at five o'clock, I was making the point that the new developments in our Canadian aircraft industry emphasize the CF-105, the delta wing fighter, plus the CL28, the Britannia coastal reconnaissance aircraft. While these, as military types are meeting a fundamental and primary need

in Canada, there is a possibility that we are going to repeat the same mistake that caused some bitter discussion in this house about the CF-100 program. I should like to suggest that mistake was a failure to integrate our military and civilian needs in our Canadian aircraft production policy.

I said previously that by the very nature of things, and it is a matter of record, the military demands for aircraft have been largely responsible for the periods of rapid development in the aircraft industry in all parts of the world. The aircraft is a relatively new invention which came into its own during world war I, made comparatively slight progress between world wars I and II, and has come into its own as a means of transportation since the end of world war II largely as a result of the stimulus during that world conflict.

However, Canada has a very unique opportunity. Perhaps Canada, the U.S.S.R. and the United States are unique in this respect, in that their civilian transport needs provide a real basis for rapid and widespread development of aircraft production. Canada particularly, as an underdeveloped, youthful nation, has an almost unlimited demand for air transportation.

During recent months our shortsightedness in this regard has become increasingly evident. With the demand that has arisen in connection with the development of the north, arising from the construction of the distant early warning radar screen there, we have been made painfully aware of the fact that we have not geared our domestic aircraft industry to supply our own civilian domestic needs. As I look at the program for aircraft development outlined in the annual report of the department, as I examine any other reports that are available, such as the reports of the Department of National Defence, for example, I see no evidence that an attempt is being made to overcome this earlier deficiency in our aircraft program.

Admittedly it is difficult to develop a fighter aircraft that has flexibility of function. The Mosquito aircraft to which I referred, which became the jack of all trades during world war II, was perhaps unique in this respect. So far as the CF-105 delta fighter is concerned, which is being designed for the exclusive purpose of bringing Canada up to date in her fighter defence role, I can readily see there is no possibility of adapting it to civilian uses. That, however, does not remove the possibility—

The Deputy Chairman: On a point of order, I am sorry to interrupt the hon. member but in his own interest I think I should point out to other hon. members in the house who sit in his locality that at this end of the chamber we are getting very loud noises from the loud speakers, and it is not very clear.

Mr. Dinsdale: Thank you, Mr. Chairman. It is impossible to adapt the CF-100 and the CF-105 to civilian uses. However, there must be some way in which the resources of Avro Canada, which has built up such extensive facilities in a relatively short period of time, can supplement its purely military function with some kind of civilian function so we can have a more balanced production level.

The minister referred to the necessity of holding back on the production of the CF-100 until such time as the CF-105 comes into production, and that has been the story down through recent years as a valiant attempt has been made to keep in a fully operational state the excellent production facilities, the engineering skills and the engineering personnel that have been developed by Avro Canada. I recall there was an early experiment in this regard as Avro became reactivated after the war, and Canada went so far as to produce a flying prototype of a jet liner, the first jet liner to fly, in anticipation of the jet transport age which is now upon us.

I can recall, for example, the general manager of Avro Canada at that time, a Mr. Walter Deisher, speaking before the Empire Club in Toronto back in 1946, expressing high hopes that Canada would be ahead in the pioneering of the jet age. That was a very visionary approach to the future of aircraft production in Canada, and I felt it was an approach that was heading in the right direction when you think of the nature of our Canadian geography and the peculiar transportation needs that we have on this continent. However, for inexplicable reasons, after the jet liner prototype was produced and had flown successfully, the whole project was dropped, after an expenditure of some $8 million had been made.

I recall at that time, too, that there was some statement to the effect that T.C.A. would be requiring this jet liner, though no specific orders came from T.C.A. The only order forthcoming came from a United States company, the National Airlines of the United States of America. Because the project was dropped that order, of course, could not be filled. That was an attempt to integrate military and civilian needs, and so far as I can see it was definitely the type of aircraft program that Canada required. We have suffered because of our failure to continue development along that line.

Today all the major air lines in all the countries of the world are on the threshold of moving into jet liner transport. We have

heard of the tremendous strides Russia has made in this regard. The first appearance of the Russian jet transport aircraft in connection with the visit of Khrushchev and Bulganin to England brought some rather surprised comments from the aircraft experts of the western world. Trans-Canada Air Lines itself is now thinking in terms of a shift to jet planes, and I understand that rather substantial orders, involving the expenditure of some $35 million, have been placed for the DC-8 jet liner. This is money that could have very well been poured into the development of our own Canadian aircraft industry.

In regard to the CL28, which is a version of the Bristol Britannia, it seems to me that in the production of this aircraft it would be much easier to tie in military needs with civilian needs. The Bristol Britannia aircraft is an outstanding turbo-prop aircraft. In fact it is one of the more efficient and more popular aircraft in production at the present time. I believe Canadian Pacific Air Lines are going to adapt the Bristol Britannia turbo-prop jet aircraft to meet their needs in the interim period before the turbo-jet transports become fully operational. On the basis of the statistics that are available they have chosen the Bristol Britannia because, in comparison with other similar aircraft available, in terms of pay load, fuel costs per mile, fuel costs per pay load unit and general operational proficiency, the Britannia 310, the Bristol Britannia, is far ahead of any other similar types.

I must confess that I have never had an opportunity to look into this situation in detail, but looking at it from a common sense, layman's standpoint it would appear to me that Canada, with her rapidly growing need for transport aircraft of this type, by going into the production of the CL28 might easily adjust the production line of Canadair to have both a military and a civilian operation.

There is another aircraft company in this country which does not come directly under the minister's purview but which during world war II played a most important role in providing military aircraft for use by Canadian air force personnel. I refer to the de Havilland company. They have a nicely balanced civilian-military operation in that they are producing the Otter and the Beaver which are being used—the Otter particularly—in increasingly large numbers by the United States air force. They also are the main stand-bys as light transports in northern Canada. That is the sort of program that will produce the most efficient and effective type of aircraft industry in this country, and it would avoid the mistakes involved in our earlier programs, the initial production of the CF-100, and so forth, which resulted in the expenditure of large sums of money which would have been quite unnecessary if the whole scheme had been carefully thought out beforehand. I believe my colleague the hon. member for York West will deal with this more comprehensively.

I wish now to move on to the guided missile program that has been referred to by the minister in his comments and in various reports. It would appear that Canada is undertaking some research in the realm of guided missiles, one of the most costly military programs in the modern military scheme of things. In the white paper on defence, at page 35, there is a sentence which reads:

> In 1950 it was decided to undertake a practical but experimental Canadian project. The prime purpose of the project was to build up within the board's staff—

That is the defence research board.

> —and throughout Canadian industry a team of scientists and engineers capable of developing and producing guided missiles in this country, while familiarizing officers of the Canadian services with problems and techniques involved in using such weapons.

I presume that program gave birth to the "Velvet Glove" missile. There was newspaper comment to the effect that the "Velvet Glove" missile had been completely successful but it was being abandoned because it was not up to the standards of similar missiles under development in the United States. I would just like to refer to the double talk involved in that excerpt from the white paper which I read a moment ago. The sentence reads:

> . . . it was decided to undertake a practical but experimental Canadian project.

The words "practical but experimental" are used there but obviously the word "practical" is redundant because after an expenditure of several million dollars this particular missile was discarded as being of an entirely experimental nature, and it will never reach the practical level because it has been decided by those concerned that it is inferior to other available missiles.

I do not know how far Canada can go in competing in this extremely expensive program of dabbling in guided missiles research. When the secretary for defence in the United States, Mr. Wilson, first took office he came to the conclusion it was a project that was much too expensive for that country with its tremendous financial resources to tackle, and he was of the opinion that the whole thing should be scrapped as visionary and in the realm of the Buck Rogers scheme of things. His advisers have since been able to persuade

him that the scheme is not visionary but very practical and extremely necessary, and some $2 billion have been provided for research in this particular field of defence production and development.

I do not think Canada can compete with that sort of money; we do not have $2 billion to devote to research of this kind, and I hope the minister and the officials concerned will not become embroiled further in throwing money down the drain in this regard. I repeat that this sentence containing the words "practical but experimental" is double talk. The "Velvet Glove" missile was intended to be practical but it did not turn out to be as practical as was intended, so it was passed off as being merely an experimental project. I do not think Canada has the resources to throw away on that type of research development, particularly when we have an ally, a neighbour on the North American continent, who is as anxious as we are to see that this continent is properly defended and is doing outstanding work in this field.

From time to time it has been pointed out by the Minister of National Defence and the Minister of Defence Production that the share of Canada and the United States in a program of this kind has to be apportioned on a co-ordinated basis. We have been informed that Canada's defence role is just that; it is defensive. It is not offensive but defensive. We have agreed that with our resources the essential function of Canada, in the air in particular, is to provide the necessary fighters to meet any attack that might come across the northern regions. I have been interested to note that at the commonwealth prime ministers' conference all the prime ministers concerned have come to the conclusion that we in North America are very vulnerable in this regard and that an enemy who might contemplate attacking this continent from the north would certainly consider Canada as the primary target.

The Deputy Chairman: I am sorry to interrupt the hon. member, but he has exceeded his time.

Mr. Dinsdale: I started at 5.15 p.m., Mr. Chairman.

The Deputy Chairman: I am glad the hon. member brought that up. I have been looking for several days for an opportunity to mention this to the committee. The hon. member spoke before five o'clock and we recognized him again after five. The chairman and I have proposed always to do that: where in committee of the whole a member was interrupted, to recognize him more or less as a matter of course or right after we resumed, whether it is later that day or the following day. But if we are going to continue to do that it will be necessary for us to add the two times together for the purpose of one speech. Otherwise, of course, we would be permitting one hon. member to make two consecutive speeches, which would hardly be fair to the committee.

Mr. Churchill: Mr. Chairman, just following up what has been said by the hon. member for Brandon-Souris, I think the minister might elaborate a bit on the guided missile program for Canada. He touched upon it in the course of his remarks, but I think much more should be said about it because of the complexity of the issue involved and the fact that other countries have moved into this field on a much more elaborate scale than Canada. I think it is important for us to find out exactly what we are doing and what we can expect to accomplish with the limited funds at our disposal. I appreciate the fact that it is important to have people trained in this particular field.

We are informed that the guided missile is the weapon of the future, that it will not be many years before the bomber will be outmoded and the intercontinental guided missile the ultimate weapon. In the few years remaining before that development is complete guided missiles with a shorter range are considered to be desirable, and it is important to know just what we can do along this line and whether or not it would be better to work more closely in co-operation with the United States or adopt some of their developments along that line.

The report of the Department of Defence Production for the year ending December, 1955, does not say a great deal about guided missiles. I find just one paragraph on page 16, which indicates that during 1955 a guided missile called "Velvet Glove" was produced to a limited extent for service trials by the Royal Canadian Air Force. From that valuable experience was gained. The paragraph continues:

> A fully developed missile production complex has thus been added to the defence production base. Although it appears that the "Velvet Glove" will be superseded by another air to air guided missile in the operational requirements of the air force, the benefits gained from this program will facilitate the development of production in Canada of the new equipment.

Is the guided missile which is superseding the "Velvet Glove" well advanced in its development or has it been outmoded by developments elsewhere? There was an article in the *Financial Post* of April 28 of this year which cast some doubts on the matter. It referred to an air to air missile called the "Sparrow", which I presume is

the one that is superseding the "Velvet Glove". The article indicates that some difficulty has arisen in connection with that development. I wonder if the minister would give us a little more information on this program.

Mr. Howe (Port Arthur): Mr. Chairman, my hon. friend wishes me to comment on the missile program. Some two or three years ago an appropriation was made by the Department of National Defence to undertake an experimental project in the field of guided missiles. The project was to be an air to air missile. By undertaking that work we sort of joined the club of those who were attacking the same problem. This allowed us to exchange information with the United Kingdom and the United States regarding the missile program. Several air to air missiles were under development at that time, I would think as many as ten different missiles. We had one, I think there were five or six in the United States and certainly two or three in the United Kingdom.

We proceeded to develop the "Velvet Glove" and we brought it to the stage where firing tests were made. By that time we had to choose whether to go into production with the "Velvet Glove" or whether there was a better missile. Obviously the fact that we had developed a missile was no reason to proceed with its full-scale production if there was a better or more appropriate missile in production elsewhere. We found by that time that the United States had adopted the "Sparrow" missile for a similar project. The project we had in mind was armament for a supersonic plane. Thorough investigation of all projects of a similar kind indicated that the "Sparrow II" was an appropriate weapon for the CF-105. We have therefore made arrangements to undertake production of the "Sparrow II" missile as the weapon for the CF-105 aircraft.

Comment has been made that we lost money spent in the development. I say to hon. gentlemen opposite that if we are to be held to account for every miss we make in a design and development program the position will become hopeless. We would just have to give up design and development work. We in Canada have been exceedingly fortunate in this connection. I do not know of any country with the record we have. We undertook to design an all-weather fighter plane, and we did so successfully. We undertook to develop a jet engine, and we did so and built it in great numbers. We found both the aircraft and engine to be the equal of anything produced within that power range before or since. That was a very lucky stab, in my opinion. In fact I made a little bet with a man associated with one of the projects when we were starting both programs. I offered ten to one that both those programs would not come off and I paid up later on.

Just look at the results in England. A number of planes have been developed there and brought to the stage of prototypes, but few have survived to go into quantity production. I would think the average would be about one in six or one in eight. The proportion in the United States is similar. I made a trip two years ago to look over the aircraft testing at Muroc lake and I think they had some five or six aircraft of the type of the CF-100, of which only two have survived.

We must expect that some of the developments undertaken by the government will be casualties, but the attitude of the opposition seems to be that if we spend money we must produce a weapon and the weapon must be successful or a crime has been committed against the taxpayer. My hon. friend referred to our first attempt at building a jet liner. It is true we had the manufacturing capacity and we wished to keep a nucleus staff working at Malton. Therefore we undertook to produce a jet passenger plane. We brought it to the prototype stage; and while it is true it flew, there was everything wrong with it. It had to carry sand bags in the tail to fly properly.

Mr. Dinsdale: Not according to reports.

Mr. Howe (Port Arthur): I get my reports and the hon. member gets his. I have to trust mine and I am sure his are not accurate. Nevertheless, we spend the money allocated to us for specific projects, and we get reports which we believe are accurate. It so happened that the Comet was being developed at the time, and although the Comet did not come into production until two or three years later there was nothing encouraging about the results of that prototype at Avro on which we had spent $6·6 million.

There was a demand for warplanes. We had developed the CF-100 in the meantime. It was coming into production, and all the floor space at Malton was needed for that project. I may say that as Minister of Defence Production I was very happy indeed to call it a day with the jet transport. After the second world war we had a similar situation at Canadair, and we also needed transport planes. The result was that we developed there a plane which is known as the North Star in Canada and the Argonaut in England. We had the usual production and starting up troubles. What was the result? We fought the 1949 election on the question of whether or

not the North Star and the Argonaut were good planes. It is not much encouragement, it seems to me, for this country to undertake design and development of its own equipment if, in the event that we do not produce the best product coming out at that time, we are to be attacked politically in this house.

That is the position with the "Velvet Glove". It was not the best air to air missile of its day. We are choosing the best with which to go into production. I have no apologies to make for the "Velvet Glove". We created manufacturing facilities and trained a considerable number of men in the manufacture of components for an air to air missile. What we call the learning curve has been brought up to a point, and that fact will be a saving as we get into production on the "Sparrow II".

Mr. Churchill: The minister has given us a good account of what has been going on. I think he has not been quite fair to the opposition to suggest that just because ill fate attends some of the efforts of the Department of Defence Production, we think it is all wrong. That is not so. We realize that a certain amount of experimentation is necessary, and it is quite true that in the United States and the United Kingdom a great deal of experimentation has been carried out and they have had to drop certain projects. I was reading just the other day about their aircraft program in the United Kingdom, where the government admitted that too many projects had been attempted and they are now concentrating on much more limited numbers.

That is inevitable, I presume, in any of these fields, but there is one point with which the minister did not deal. When we are critical of a project such as the guided missile it is because we have this in mind. The guided missile is being produced for a very definite purpose, that is defence. At what stage are we going to be ready to provide that defence? If we are constantly in a stage of experimentation we have nothing on the production line to turn over to the air force, hence the criticism that we are prepared to offer to a program that is constantly in a state of experiment and not in a state of production. It is the defence of the country that is of major concern, and the earlier our aircraft are provided with a suitable guided missile that will assist that defence the better. But if, from year to year, we are to be told that the experiment is going on, that we tried the "Velvet Glove" a few years ago and it is not very satisfactory, that now we are trying the "Sparrow" and next year it will be some other type of guided missile, in the interval what has the air force got?

[Mr. Howe (Port Arthur).]

It seems to me that a program of experiment and design has to go along hand in hand with one of production of a recognized suitable missile. It may be from time to time, if the United Kingdom or the United States has devised a missile that is satisfactory, that should be procured for our air force until such time as experiments in Canada prove that there is a superior type available and that production can be commenced immediately.

The same holds true of aircraft. We have dealt with that on other occasions. Now, referring again to guided missiles, there is the whole field of ground to air guided missiles. Are we entering into that field, or are we going to rely upon the experience of the United Kingdom and the United States? Somewhere or other the minister has to draw the line. As the member for Brandon-Souris has pointed out, the guided missile program is extraordinarily expensive. How much of Canada's money should be put into that? Or are we going to draw on the experience of these other larger and wealthier countries? I should like the minister to say whether they are intending to do anything on the ground to air guided missiles.

Mr. Howe (Port Arthur): Mr. Chairman, as a matter of fact this debate should take place on the estimates of the Department of National Defence. The Department of Defence Production does not decide military programs; it has no money other than that vote in the estimates before us today, totalling about $22 million, I think. We take up projects that are chosen by the air force and for which the air force is willing to provide a budgetary encumbrance, and we proceed to develop the weapon designated by the air force. It has been suggested that we are experimenting with the "Sparrow II". That is not the situation. We are arranging to produce the "Sparrow II". The "Sparrow II" is a proven weapon, and we shall go into production on a proven weapon.

I cannot say just what the defence research board is experimenting with. That is outside my purview. We procure for the defence research board as instructed, but we do not go inside their laboratories officially to know what they are doing. As far as I know, no one has an operational ground to air missile except the United States, which has the Nike. The Nike is the only proven ground to air missile today. I understand that the military view is that the Nike would not be of much assistance to us here in Canada.

Therefore, to the best of my knowledge we are doing nothing important on a ground to air missile.

Mr. Churchill: Why do you say the Nike will be of no use to us in Canada?

Mr. Howe (Port Arthur): We have not the large centres of population that are adapted to protection by the Nike. The Nike is a very expensive weapon, calling for a very expensive installation. To warrant that there must be a very considerable concentration of population.

Mr. Dinsdale: Is the Nike not designed to destroy intercontinental ballistic missiles or strategic bombers?

Mr. Howe (Port Arthur): No. My hon. friend has been reading detective stories.

Mr. Dinsdale: No, I have been reading Russian reports, and I would well advise that the minister give some attention to that point. For example, I have in my hands a report of last January which is fairly authoritative. It comes from the Alsop brothers, who seem to have pipe lines into high level military circles in the United States. It is most impressive the way their forecasts or their comments finally come true. On January 3 of this year the Alsop brothers said:

> Last Thursday Marshal Bulganin grimly boasted to the meeting of the supreme Soviet in Moscow that the Soviet armed forces would soon have an intercontinental ballistic missile, or ICBM in current Pentagon jargon.

That is not from Buck Rogers; that is from very responsible journalistic commentators. The article goes on to say:

> The truth is that the Soviets have quite regularly telegraphed their weapons development punches boasting about each new weapon as soon as they were confident they had solved the design problem and were preparing for a test. For instance Vyacheslav Molotov told another Moscow audience that the Soviets already possessed an A-bomb just about a year before the first Soviet A-bomb test in September, 1949.

Apparently it is reports of that kind from responsible sources that caused Mr. Wilson to change his mind with regard to his attitude toward the missile program in the United States. I understand that weapons like the Nike and even more advanced types are designed to destroy bombers and ICBM weapons far beyond the range of built-up areas, because once the bomber or this more deadly weapon, the ICBM, got through to a built-up area, defence would be useless inasmuch as the lethal power of thermonuclear weapons is such that total destruction would be the effect in any case. Therefore I would say the Nike would have some important strategic value in our Canadian defence set-up.

While I am on my feet I should like to ask the minister if there is not continuous consultation with the United States counterpart of defence production. Are we not coordinating? Do we not consult as to sharing the financial responsibility and so forth, or do we make our own suggestions and proceed without reference to anything they are doing south of the line?

Mr. Howe (Port Arthur): There is constant consultation. I think Canada is aware of everything the United States is undertaking in the way of production, just as the United States is familiar with what we are undertaking here. Teams go back and forth between production plants constantly. There is no difficulty about that. My difficulty is to follow the imagination of my hon. friend when he talks about intercontinental ballistic weapons as in being and the fact that the Nike will shoot them down, both of which are fantastic suggestions.

Mr. Dinsdale: Our whole defence program is fantastic and out of date if the minister says that, because by a combination of the CF-105 and air to air guided missiles we contemplate meeting any possible offence from the air for the next ten years, or until such time as we have ground to air missiles that will meet the threat of weapons contemplated not by me but by responsible commentators such as the Alsop brothers.

I have followed them closely for years. Members of the house have to depend for information on sources such as that because we have difficulty getting inside information from government sources. I follow as carefully as I can these news commentators on international affairs. I read the second paragraph concerning the Soviet prophecy regarding the development of the A-bomb which was scoffed at at the time but which became an actuality within a year. Based on that pattern, Stewart and Joseph Alsop expect that within a year from last January there will actually be ICBM missiles in production.

Just after the last war I remember there was a scramble for the German scientists who had done advanced research in this particular field during the war. The minister says I am dabbling in fantastic dreams. As a night fighter overseas I remember that we had to cope with the V-2, and I think the minister knows as well as I do that the V-2, which was actually in operation in 1945, was something from Buck Rogers' dreams of the future because it was a substratospheric weapon. Perhaps it was not intercontinental but it was certainly an intercountry ballistics

missile. It was completely indestructible by any known defence measures. All we could do was sight the point of take-off by spotting the rocket discharge and give a radio reference, with the hope that an intruder force would be able to move in soon enough to destroy the launching sites.

The Germans had the V-2, the earliest equivalent of an ICBM weapon, in 1945, and the only improvements necessary on the V-2 are a hydrogen warhead, which is now available, greater range and greater accuracy. Those are the only improvements necessary. Russia was successful in getting most of these German scientists who had developed both the V-2 and V-1. That was ten years ago. Therefore I defend myself in the strongest terms possible and say that this is not a pipe dream. It is a cold and hard factual reality, and we should be giving some attention to it.

Mr. Howe (Port Arthur): As I have said, I think we had both better depend on military intelligence, and I do not have it in my possession except as I get it from my colleague the Minister of National Defence. I have had the privilege of visiting rocket experimental stations in the United States. I have seen the Nike shoot down planes, and I saw what the situation was at that time. I do not know what it is today, but certainly there is no military intelligence indicating that there is an intercontinental ballistics weapon in being or likely to be in being for some years. I think I can state that quite accurately. However, as I said before, I am not qualified to discuss the defence of Canada. That is the responsibility of my colleague the Minister of National Defence.

Mr. Dinsdale: There should be co-ordination.

Mr. Howe (Port Arthur): Well, we co-ordinate in that I build nothing except as my colleague gives me the money to pay for it, but I think I am qualified to discuss war production in Canada during the fiscal year under review, and if we can get back to that subject I think we will make progress. In the meantime, it is six o'clock.

Mr. Michener: Before the minister closes—

Some hon. Members: Six o'clock.

Mr. Michener: —would he tell us the arrangements with regard to the production of the "Sparrow"? Is it on licence from the United States or—

Some hon. Members: Six o'clock.

Mr. Michener: Well, we will leave that until next day.

Item stands.

Progress reported.

It being two minutes after six o'clock the house adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Monday, July 2, 1956

The house met at 2.30 p.m.

DOMINION DAY

89TH ANNIVERSARY OF CONFEDERATION

Right Hon. C. D. Howe (Acting Prime Minister): Mr. Speaker, today Canadians are celebrating the 89th anniversary of the birthday of Canadian confederation. I should like to suggest that we follow precedents established in recent years when the house happened to be in session on this day and stand and sing together "O Canada" and "God Save the Queen".

Whereupon the members of the house rose and sang

O Canada
and
God Save the Queen

HOUSE OF COMMONS

MR. SPEAKER—STATEMENT IN TENDERING RESIGNATION

Mr. Speaker: I should like to make a statement to the house. On Friday last the Leader of the Opposition rose on a question of privilege in connection with the publication in a newspaper of two paragraphs extracted from a private letter that I wrote to a free lance writer who occasionally contributes an article to the Montreal newspaper *La Patrie*. Notwithstanding the fact, a well-known fact, easy to verify by those who do not know that Mr. Cinq-Mars, the author of the article in question, is only a free lance writer, the Ottawa *Journal* in an editorial which appeared in Saturday's edition said I wrote to the "editor" of the newspaper *La Patrie*.

On Friday last the Leader of the Opposition contended that if the expression "my accusers falsified the facts for their own political ends" was used in the house it would be the duty of the Speaker to call for a retraction immediately. In its Saturday editorial the Ottawa *Journal* supported the contention of the Leader of the Opposition in this regard. My view, well-supported, I think, that the expression would be unparliamentary only if it read "my accusers deliberately falsified the facts", was completely disregarded. I had referred to a recent case at page 5382 of *Hansard* of June 26, 1956. The hon. member for Kootenay East said this:

> The leader of the C.C.F. party, answering an interjection by myself, at the time he was attempting to distort the facts as he has in the past, saying that we were responsible for the breaking of the rules—

The hon. member for The Battlefords (Mr. Campbell) rose on a point of order and asked that the expression be withdrawn. I ruled that the hon. member should indicate that:

> . . . he had no intention whatever of accusing the hon. member for Rosetown-Biggar of deliberately distorting the facts in this house.

On June 4 last while the hon. member for Acadia (Mr. Quelch) was speaking, the hon. member for Eglinton (Mr. Fleming) rose on a question of privilege and said, as reported at page 4651 of *Hansard*:

> The hon. member for Acadia, Mr. Speaker, has just made two remarks which are a grave offence against privilege and a falsification of the fact.

And he was not asked to withdraw.

On May 30, 1956, the hon. member for Selkirk (Mr. Bryce) as reported at page 4462 of *Hansard* said the Minister of Citizenship and Immigration (Mr. Pickersgill) had deliberately deceived him. I asked the hon. member for Selkirk:

> . . . because he knows it is against the rules to say that an hon. member of this house has deliberately deceived another hon. member, to take the corrective steps.

On February 16, 1956, as reported at page 1268 of *Hansard*, while the hon. member for Regina City (Mr. Ellis) was speaking the hon. member for Rosthern (Mr. Tucker) rose on a question of privilege and said:

> Mr. Speaker, I rise on a question of privilege. I suppose nobody should pay any attention to the ravings of the hon. gentleman opposite, but after all, when he deliberately misrepresents what I said, I suggest that I should draw that fact to the attention of the house.

I ruled that the hon. member for Rosthern:

> . . . should not indicate that the hon. member for Regina City is deliberately misrepresenting what he said.

And Mr. Speaker Macdonald made rulings also to the same effect. Some of his rulings appear in *Hansard*, volume I, 1952-53, at pages 271, 759 and 760. Therefore I maintain that the expression I used, namely "my accusers falsified the facts", is not an unparliamentary expression. It contains no charge of dishonesty or of insincerity. During the

debate on the unanimous report of the committee on procedure adopted at the last session, several hon. members expressed the view that as long as there were no accusations of insincerity or dishonesty, strong language should go unchecked. During this session I have taken into account the remarks that were then made.

At page 5990 of *Hansard*, volume VI, 1955, the hon. member for Prince Albert (Mr. Diefenbaker) had this to say on the subject:

> We do not want to turn parliament into an afternoon society meeting. If we have strong opinions we want to express them. We do not want to engage in personalities as such, but if we allow our rules or Speakers' decisions to place members of parliament in the position where if they use a strong expression they have to withdraw it parliament will become nothing but a mere debating society.
>
> After all, strong men have strong opinions. I think our trend in the last 15 or 20 years has been to reduce the standard of debate in parliament by the insistence on the letter of decorum. We do not carry our ill feelings outside of the House of Commons, and the things that we say, as long as they do not impute personal wrongdoing or lack of integrity, should be permitted in the House of Commons.

Notwithstanding what has happened during the pipe-line debate and the motion of censure that followed, no hon. member had ever suggested that I should resign. I may say, however, that I intended to resign more than once during that period for the purpose of regaining my full freedom of speech both in and outside this house. I had received communications and I had an exchange of views with some of the 35 members who had voted in favour of the motion of censure on Friday, June 8 last. It appeared to me that time might bring about a situation by virtue of which it might be possible for me to carry on at least until the prorogation of this session. When paragraphs of a private letter of mine were published in a newspaper I knew I had to take immediately the course I had in mind to follow.

In public life all men have had the experience of being quoted when they spoke off the record, or of being misquoted. I realize, however, that if the accident happens to one who is occupying my position, the house to which I am responsible—and I am responsible to the house alone—may ask for an account of the incident. That was done last Friday. It appeared to me that the hon. members of the opposition exaggerated the importance of the incident and since they were accusing me of improper conduct and of having used unparliamentary language I felt that the traditional parliamentary recourse in such cases should be taken, a recourse which I think is a protection for the house and for the Chair, namely that a motion dealing with the accusations should be placed on the order paper, debated and decided. It was said in the press that my language at that point was confusing. Here is what I said, as reported at page 5514 of *Hansard* of June 29, 1956:

> I want to tell hon. members that ever since I was appointed on November 12, 1953 my resignation has always been at the disposal of the house. If one wishes to move a motion, after 48 hours' notice, stating the reasons why and concluding that the Speaker be removed I will resign immediately.

Later, in my office, I inserted the references to the citations of Beauchesne's third edition, citations 127, 225 and 46. For the insertion of these references it has been said by the parliamentary correspondent of the Montreal *Gazette*, in an article appearing on the editorial page for Monday, July 2, 1956:

> He is open to attack for tampering with *Hansard*.

All Speakers have inserted the references to the authorities interspersed with their remarks, whether in *Hansard* or in the *Journals* because, indeed, it is their duty to do so. Standing order 12 states:

> In explaining a point of order or practice, he shall state the standing order or authority applicable to the case.

When I said "If one wishes to move a motion" some understood that as soon as the notice of motion appeared on the order paper I would resign. Once a motion is moved it is in the possession of the house and must be disposed of. Citation 322 of Beauchesne's third edition says:

> Every matter is determined in the House of Commons upon a question put by the Speaker on a proposition submitted by a member and resolved either in the affirmative or negative as the case may be. A motion is a proposal made by one member, in accordance with certain well established rules, that the house do something or order something to be done, or express an opinion with regard to some matter or thing. The proposal is not a motion until it has been actually moved.

Now, I thought that I was entitled to have the house judge my actions. I have been in public life since 1945. My strongest critics have said that until the pipe-line debate I had acquired a good reputation as Speaker of this house. I have a family, friends and a constituency. For their sakes, as well as for my political future, I thought that I was entitled to get the judgment of the house on the incident referred to last Friday. Otherwise, notwithstanding the fact that I had admittedly a good record until the pipe-line debate and that the motion of censure arising out of the pipe-line debate was defeated by the house by a vote of 109 against 35, would it not appear, if I were to resign now without a judgment of the house, that because a newspaperman published extracts of a

private letter of mine, I have done worse than anything I might have been accused of before?

Now, last Friday the Leader of the Opposition, speaking about the above-mentioned paragraphs that were published, concluded by asking the Acting Prime Minister to dissolve the house. I do not wish my actions to be part of the many considerations which must be weighed before such a grave decision is taken. Furthermore, I am anxious to regain my full freedom of speech. I realize that the Prime Minister is away. Were I to resign today the house would have to adjourn immediately. The Senate being adjourned for three weeks, it would have to be called back in session and the presence of His Excellency the Governor General or his deputy would be required for the approval of the new Speaker.

I place now my resignation before the house to take effect at the pleasure of the house. I would wish that it be accepted as soon as possible.

This is my farewell speech. I shall always remember with pleasure my term of office as Speaker. I have enjoyed every moment of it, even the most difficult parts, because I know that deep down in their hearts members understood certainly much more perhaps than they were indicating.

In private I had conversations and exchanges of views and I know that, notwithstanding what has happened, I retain in this house the friendship of many more members than one would like perhaps to believe. I must have enjoyed every moment of it. I have never been avoidably absent since I became Speaker. I have been in this house every sitting day since November 12, 1953.

Now, I have no animosity whatever against anyone. Throughout my term of office, I assure you, I have never acted, nor have I ever been motivated, by any other interests but the best interests of the house itself. Never was I motivated by any partisan feelings; and my conscience is perfectly clear. Had it not been as clear as it is, I do not think I could have gone through all the difficulties that came my way in the past month.

Now, I thank you very much for the privilege and the honour that you have given me of serving you as Speaker of the house and I want to assure you that as long as I live I shall never forget this honour that you have given me and this kind gesture on your part. Unintentionally I might have done something wrong or I might have done something offensive to hon. members. I want to ask them—and I do say this is the last favour, if I may be deserving of a last favour—that, if I have done something offensive or anything wrong to any hon. member, an act of oblivion will be passed. Gentlemen, thank you very much.

Right Hon. C. D. Howe (Acting Prime Minister): Mr. Speaker, I am sure we are all moved by your remarks. I appreciate your forbearance in not pressing the matter you have raised in the absence of the Prime Minister. As we all know, the Prime Minister is in London attending to Her Majesty's business, and I think it is a courtesy observed by all commonwealth parliaments not to raise difficulties affecting the office of the Prime Minister in his absence.

I sincerely hope that hon. members will be prepared to consider your statement and not raise the matter of the office of Speaker until the Prime Minister is in his seat, which I hope will be next Monday. I telephoned him this morning, and I find he hopes to be able to leave London next Friday evening at the conclusion of the final session of the imperial conference. When he arrives here on Monday he, as leader of the House of Commons, will deal with the matter that the Speaker has raised at this time.

Mr. J. H. Ferguson (Simcoe North): I believe that the Liberal government has crucified one of the finest men that was ever here. One of the finest young men who ever walked into the House of Commons has been put on the cross and crucified by this government.

Mr. Gauthier (Portneuf): You will pay for that.

Mr. Ferguson: I will not pay for it; you cannot make me pay for it.

TRADE

BRITISH CARIBBEAN AREA—LESSENING OF RESTRICTIONS

Right Hon. C. D. Howe (Minister of Trade and Commerce): I take pleasure in announcing a trade development in the British Caribbean which will further assist Canadian exports to that area. We have now been informed that the British Caribbean countries will place apples, leaf tobacco, chemical fertilizers and calcium carbide under world open general licence effective today, July 2, 1956. This means that these products will henceforth be permitted import from Canada without restrictions. These products are of importance to many Canadian exporters. With this further liberalization, a large proportion of our exports to the area are now completely free of restriction.

Hon. members will appreciate that we have over the years maintained close and continuing consultations with British Caribbean countries and the United Kingdom with the object of developing our trade with that area to the greatest possible extent. In these circumstances this additional measure of trade

liberalization is especially welcome and will serve to strengthen further the close and traditional commercial ties which exist between those countries and Canada. In 1955 Canadian exports to the area amounted to $42 million. These exports are increasing this year. With the new federation which is emerging in the British Caribbean we look forward to a further expansion of mutually advantageous trade.

MOTIONS FOR PAPERS

CANADIAN SCHOOL TRUSTEES—INTERVIEW WITH CABINET

Motion No. 87—**Mr. Knight:**

For a copy of all correspondence during 1956 between the Prime Minister or the government and the Canadian school trustees association, relating to a request for an interview with the cabinet by a delegation from the association to discuss school finance in Canada.

Motion agreed to.

LIGHTHOUSE KEEPER APPOINTMENTS

Motion No. 88—**Mr. Robinson (Bruce):**

For a copy of all letters, telegrams and other documents, dated from January 1, 1954 to date, in the possession of the Department of Transport, with respect to the appointment of lighthouse keepers at (a) Port Stanley; (b) Port Dalhousie; (c) Niagara-on-the-Lake.

Mr. Marler: Mr. Speaker, I have no objection to the adoption of the motion subject to the usual reservation with regard to privileged correspondence.

Mr. Robinson (Bruce): Do I understand "privileged correspondence" to refer to correspondence between members of the department?

Mr. Marler: Yes, correspondence between officials or members of the department would be regarded as privileged.

Mr. Speaker: Is it the pleasure of the house to adopt the motion subject to the remarks made by the minister?

Motion agreed to.

EXTERNAL AFFAIRS

NEWFOUNDLAND—ALLEGED INTERFERENCE WITH RIGHTS OF CANADIANS BY U.S. AIR FORCE

On the orders of the day:

Mr. T. S. Barnett (Comox-Alberni): I should like to direct a question to the Acting Secretary of State for External Affairs. Perhaps he may wish to take the question as notice. By what authority is the United States air force forbidding Canadian civilians employed by them at Newfoundland bases to participate in Canadian political activities, as reported in the *Sunday Herald*, St. John's, Newfoundland, under date of July 1, 1956? Is this not an improper interference with the rights of Canadian citizens by a foreign power?

Hon. W. E. Harris (Acting Secretary of State for External Affairs): I shall take the question as notice.

FREIGHT RATES

ANNOUNCEMENT RESPECTING REQUEST FOR RESCINDING OF RECENT INCREASE

On the orders of the day:

Mr. H. R. Argue (Assiniboia): Mr. Speaker, on Friday last I asked the Minister of Transport if the government would consider rescinding the order of the board of transport commissioners allowing a 7 per cent increase in freight rates. I wonder whether he has a reply at this time.

Hon. George C. Marler (Minister of Transport): Mr. Speaker, I should like to say that since last Friday I have had the opportunity of reading the order to which the hon. gentleman has just referred, and I should like merely to read one paragraph from it, although there are quite a number in the order. This, as hon. members will recall, is the order of the board of transport commissioners which was rendered on Monday, June 18, 1956, and it reads in part as follows:

And whereas the board has also concluded—on the basic principles of its uniform accounting and cost finding regulations applicable to the two major railways of Canada from January 1, 1956—that, inter alia, after making due allowance for the factors of potential increases in traffic volume and potential savings in operating expenses, the prospective net rail earnings of these applicant companies during the period from July 1, 1956, to the date of determination of the application herein following the adjourned hearing in September next, will be pro rata in principle, well within the limits which the board has heretofore found allowable in its judgments in general revenue cases in recent years, and that the interim increases hereby authorized which the board considers to be an irreducible minimum, will not enable the railways to recoup the said wage increases to non-operating employees incurred retroactively for the period prior to July 1 next, or any portion for any period of any operating wage increases now pending final settlement between the railways and their operating employees.

Mr. Speaker, it is not necessary to go into all of the relevant considerations which are set forth in the order but I may say that I have not the intention of recommending to the governor in council that, pursuant to section 53 of the Railway Act, that order to which I have just referred should be varied or rescinded.

Mr. Argue: I wonder whether I might ask a supplementary question. Has the minister considered the request of the

Canadian Federation of Agriculture that agricultural products be exempt from any interim increase?

Mr. Marler: No, I have not considered that request. I think the hon. gentleman should realize that those who are not satisfied with the order have a right of appeal under the Railway Act and that, at the hearing to take place in September, there will be an opportunity for all those interested to present their viewpoints with regard to the rate increases which appear to be contemplated.

HOUSING

MORTGAGE MONEY—REFERENCE TO REPORTED STATEMENT BY HARRY J. LONG

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I should like to direct a question to the Minister of Finance and ask him whether he has any observation to make on a statement by Harry J. Long of Toronto, president of the National House Builders Association, to the effect that unless the government eases its tight money policy with respect to N.H.A. mortgages the end result will be unemployment in the building industry, higher house prices and damage to the economy. Has the minister given final consideration to this question, and does the government intend to see that interest is reduced to the end that the potentialities that are set forth by Mr. Long will not be achieved in this country?

Hon. W. E. Harris (Minister of Finance): Mr. Speaker, last week I indicated that I would make a statement on this matter either on the orders of the day some day or on my estimates. I am in the course of preparing that statement. I would suit the convenience of hon. members but I think it is rather long for the orders of the day. However, I shall be glad to say something about this matter shortly. In the meantime, I may say that I have not seen the particular statement to which my hon. friend refers.

CANADA SHIPPING ACT

AMENDMENTS RESPECTING REGISTRATION, CERTIFICATES, ETC.

Hon. George C. Marler (Minister of Transport) moved the second reading of Bill No. 349, to amend the Canada Shipping Act.

Mr. L. Langlois (Parliamentary Assistant to the Minister of Transport): Mr. Speaker, this bill is largely of a technical character. Some clauses are the correction of errors which crept into the framing of the Canada Shipping Act of 1934. Other clauses bring certain older provisions, which were carried over from the Merchant Shipping Act of 1894, into line with modern marine practice. Ocean-going vessels of modern construction will benefit from the proposed amendment to the tonnage regulations, while operators of small coasting vessels in our domestic trade will find it easier to comply with requirements as to certificates of those in charge of the navigation and of engines. The crews of certain commercial vessels, which at present have very little protection in the matter of safety precautions, will be accorded greater protection. The vast and ever-growing pleasure-boating public will have some protection against the foolhardy and irresponsible minority.

Finally, our thousands of miles of coastline, including the shores of the great lakes, will be protected against pollution by indiscriminate disposal of waste oil from ships.

I do not intend to go into the details of the bill, but I deem it necessary at this stage to make a brief explanation of its main features.

First, then, concerning those clauses having to do with registry of ships. As hon. members are well aware, registration of ships is an important feature in maritime practice. The whole of part I of the Canada Shipping Act, comprising some 113 sections, is devoted to it. A ship's certificate of registry is her identity certificate, her passport in her journeyings to and fro in the commerce of the world. The particulars set out in the certificate are accepted without question by government officials of foreign countries; the tonnage as shown is accepted wherever the ship may go as the basis for port charges, and the other sundry charges which a ship must meet when she enters port. Registry is not only evidence of a ship's right to fly her national flag, but also establishes ownership title and gives the shipowner the right to invoke certain provisions regarding limitation of liability.

The procedures of registration are not onerous, when they involve property amounting to hundreds of thousands, sometimes millions, of dollars in one vessel, but we feel they are hardly necessary in the case of very small vessels which never leave our own shores.

At present only vessels of less than 10 tons net tonnage are exempt from registry. The purpose of clause 2 of the bill is to increase this figure to 15 tons of net tonnage. On the other hand, the proposed amendment does not deprive a person of the privilege of registering a smaller vessel if he wishes to take this trouble, in order to obtain any of the benefits that flow from registration.

Clause 3 of the bill, proposing a new section of the act, may look somewhat formidable, but its purpose can be simply explained. Tonnage measurement is a vital part of registry procedure. Since most port charges are made on the net tonnage of the ship, the efforts of naval architects have always been directed to the design of ships with low net tonnage and high carrying capacity. As now provided in section 94 and in the seventh schedule, the net tonnage is arrived at by first measuring all the enclosed spaces in the ship to get the gross tonnage, then making certain deductions. One of the deductions is for the space required for the propelling power, and section 95 of the act lays down the rule governing the allowance that may be made on this account.

The United Kingdom government have already amended the British merchant shipping acts to bring this feature into line with modern construction, so that ship owners might reap a proportionate benefit in reduction of net tonnage, when modern machinery allows them to devote less space to the propelling power. They consulted us before doing so, and we undertook to take similar action in Canada at an appropriate time. If we do not, ships registered in Canada are at a disadvantage regarding tonnage, as compared with ships registered in the United Kingdom and elsewhere.

Clause 6 is designed to be of assistance to the fishing industry. In recent years it has been difficult to get fully certificated engineering personnel for fishing vessels and we have had to meet the situation by granting temporary permits in many cases.

There are quite a number of men available, who have reasonably good understanding of the duties required for certain types of engine room work, but apparently there is a shortage of men available who can pass the examination as fourth class engineers. Moreover, it does not appear necessary that the same requirements in this respect should apply to fishing vessels as to passenger or cargo vessels. Accordingly, this amendment, while maintaining the qualifications required for the chief engineer on fishing vessels, will provide for some relaxation in regard to the qualifications of additional engineering personnel, by creating a new category of watchkeeping engineer on a motor-driven fishing vessel for which modified standards will be established. Clause 8 is consequential upon clause 6 of the bill.

The department's sympathy with the difficulties experienced by the good mariners in our small domestic traders is evident in the amendments suggested in clauses 7 and 9 of the bill. Section 116 of the act sets out the grades and classes of certificates as master of a steamship of under 150 tons in the home trade, inland waters and minor waters of Canada. Such a certificate may be obtained without prior service as mate, and does not call for the same standard of navigational and other technical knowledge as in the case of large vessels. When the existing provision was made, the vessels for which it was intended were all well under 150 tons gross. But of late years it has been found that the vessels, which are often constructed by the owner-masters themselves, without benefit of naval architectural assistance, have exceeded this critical tonnage quite considerably. We are of the opinion that this class of certificate should now be made available for vessels of up to 350 tons gross, and that holders of existing certificates should be granted the wider privilege. This will be accomplished by clause 7 of the bill.

Section 119 provides for certificates of service, which may be obtained by those seamen who may have lived their lives in small vessels on our coasts and in the St. Lawrence and who have demonstrated in a practical way their ability to command their own vessels, but who are handicapped by the lack of basic education. When the existing provision was made a time limit was included, and it was thought that the time provided would suffice to allow all interested seamen to become properly certificated. In this regard it appears that sufficient allowance was not made for the natural reluctance of the practical seaman, particularly when he is no longer young, to subject himself to any kind of examination, even the simple oral one which is all that is required in this instance. The amendment proposed in clause 9 of the bill gives the provision a continuing effect and widens its scope. It is hoped that in time, by a process of persuasion and education, all our domestic shipmasters will eventually become properly certificated under the act.

Clause 11 of the bill provides yet another concession to the small commercial vessel operator in a proposed amendment to section 128 of the act. This widens the scope of the temporary engineer's certificate which may be issued on the basis of practical training without the added requirement of technical training.

Clauses 12 to 17 of the bill have to do with licensed pilots. The first, which will permit temporary licences to be issued for a season of navigation or any other desirable period, is obvious, but hon. members may wish an explanation of the proposed amendments to sections 354, 356 and 357 of the act.

The previous wording was reasonable enough in the old days when a ship had no

communications with the shore and pilots remained on station outside a port waiting for the arrival of ships. Nowadays it is the practice for an incoming ship to radio in her expected time of arrival, and then a pilot goes out to meet her. The proposed wording is in line with modern practice.

A proposed amendment to subsection 3 of section 354 makes it an offence to act as a pilot without a licence or to employ an unlicensed pilot, in an established pilotage district. The change in the heading preceding section 354 will give this protection to pilots in all districts, whether or not the payment of pilotage dues is compulsory.

Such sanctions against the use of unlicensed pilots have long been a feature of pilotage laws in the United Kingdom, and are considered reasonable. Hon. members will understand that the proposed provisions do not affect the right of the master of a ship to do without a pilot. However, if he employs a pilot—that is, any person other than a member of his own crew—that person must hold a licence issued by the pilotage authority of the district.

Clauses 18 to 24 of the bill deal with safety measures which fall within the purview of steamship inspection. The amendments to sections 477 to 479 accord to the crews of non-self-propelled vessels and of vessels such as dredges, a certain measure of protection which they have not hitherto enjoyed, when they go more than 15 miles from land.

The amendment to subsection 3 of section 494 places sealing vessels in the same general category as fishing vessels and whaling vessels for the purposes of part VII of the act. This is important for the province of Newfoundland.

Clause 25 of the bill proposes a new part VIIA, entitled "Oil Pollution". In 1954 Canada was represented at an international conference on pollution of the sea by oil. The convention which resulted, and which is set out in clause 29 of the bill as a proposed fourteenth schedule to the act, is the first concrete attempt by the leading shipping nations of the world to stop dumping of waste oil from ships on the high seas. Certain zones of the oceans are set out where the dumping of waste oil will be prohibited. A fifty mile prohibited zone along the North American coast line will protect Canada in this regard. Provision is also made for the setting up of reception facilities at large ports where waste oil may be disposed of without contravening regulations. Hon. members will no doubt be aware of the very great concern which has been occasioned, particularly in the United Kingdom and western Europe, by the destruction of sea birds and the spoiling of the beaches by oil dumped from ships, perhaps far out at sea.

The problem has not yet reached serious proportions in this country, but prevention will be easier than cure. Accordingly, the government intends to ratify the convention. The new section 495A is proposed so that the necessary regulations may be made to implement the convention, and also to apply similar protective measures for the waters of the great lakes which are not covered by the convention. Officials of the department have been studying the problem as it exists on the great lakes and have discussed with our American friends the possibility of their taking parallel action at the appropriate time.

The convention as presently drafted and our proposed legislation do not provide a final and complete answer to this problem. In fact, we would have preferred to see an international agreement forbidding any pollution of the sea by oil from ships. This was the first major attempt to deal with this problem on an internationally agreed basis that has shown any measure of success. As may have been expected, at the international conference widely varying points of view were presented, with the result that the final convention represents to some extent a compromise between these varying points of view. It does, however, go some distance toward meeting the objective of complete prevention which we hope can be achieved in due course.

Clause 27 also merits a full explanation. This would amend that section of the act which applies to the operation of small boats and, in particular, pleasure boats. Since the end of the war there has been a huge increase in the amount of pleasure boating in Canada; a great deal of this has taken place in the field of power boats and has, of course, been greatly accelerated by the development of the outboard motor. There are, for example, over 36,000 power boats registered in Canada on the great lakes with engines of 10 horsepower or more and we believe an even greater number of lower power.

The department has been in receipt of many representations asking it to take further action to deal with this growing problem from the point of view of public safety. It is admitted that many power boat operators are reasonable persons who are familiar with marine traffic rules, but it is also quite apparent that a great many others may be irresponsible or foolhardy or at least completely lacking in knowledge or observance of the elementary rules of marine safety and marine traffic.

We have attempted to deal with this problem in several ways. The minor waters navigation regulations forbid excessive speed or dangerous operation of motor boats, but they are not sufficiently comprehensive in that there are large concentrations of these boats outside the minor waters. The requirement that boats equipped with engines of 10 h.p. or more be licensed has also been a useful step but it is not enough in itself, dealing as it does with the boat and not with the operator. It is clear from our experience, from our consultation with the R.C.M.P., who are charged with enforcement of these matters, and from the representations we have received that something more must be done.

We have made extensive distribution of literature and a special pamphlet entitled "Safety at Sea", but regardless of this the problem continues to grow. We have reached the conclusion that two further steps should now be taken. The first of these is to amend this section so that it relates not only to the minor waters but to all waters of Canada. The second is to make direct use of the well proven experience in the field of motor vehicles and develop a system of licensing for operators of power boats.

The objective will be to ensure that the department has a direct contact with the boat operator and that he has in his hands some information regarding the rules of marine safety and marine traffic and some knowledge of these rules as well. The regulations for this purpose are in the formative stage at the present time and it is intended to take a gradual approach to this problem in consultation with the R.C.M.P., with various private organizations interested in boat operations and possibly local or provincial authorities.

It is not intended to create hardship for the individual who is willing to familiarize himself with the rules of marine safety and marine traffic, nor to impose any financial penalty on him in obtaining a licence, but it is intended to establish some method by which we can encourage his knowledge of this field and ensure that he does not disregard the elementary precautions which should be observed by the operators of small pleasure boats, not just in their own interest but in the interest of those around them.

This concludes the statement which I intended to make at this stage. Before resuming my seat I wish to state to the house that it is intended after second reading to move that this bill be referred to the committee on railways, canals and telegraph lines.

[Mr. Langlois (Gaspe).]

Mr. Thomas M. Bell (Saint John-Albert): Mr. Speaker, we appreciate the comprehensive remarks of the parliamentary assistant with regard to this piece of legislation, this bill to amend the Canada Shipping Act. I suppose that those of us who have a connection with the sea are more interested but I think we all appreciate that this act must be brought up to date from year to year as the shipping nations of the world modernize their fleets and plans. We understand also that in the efforts of officials and others who are connected with such plans there is a natural tendency to grab more power in order to carry out efficiently the operations of their departments. Having said that, I think we should remember that we must be constantly on guard to preserve the rights of small operators and others who must be protected from the natural plans of the bureaucrats.

This legislation comes to us from the other place where it was dealt with most extensively. We have the value of their report of their considerations in their standing committee on transport and communications. I think this is one job that has been done by the other place which indicates that there is still some worth in their operations. They considered the bill extensively, went into the details and made quite a few worth while changes.

In going through the reports I note some of those who took an active part in the consideration of this legislation. In connection with that part having to do with fishermen and the administration of shipping, an active part was taken by two hon. members of that place from the maritimes who have extensive family backgrounds connected with the sea. Then with regard to the constitutional aspects of the bill there were two constitutional lawyers of note—there may have been more—who added considerably to the discussion on this legislation.

I think it must be realized that in the consideration of this legislation those members of the other place included more experts than we might have available here. They took their time with the legislation and except for one small matter of controversy to which I shall refer later I think they brought forth a fairly good piece of legislation.

I think it can be said that this bill divides itself into two general parts. As the parliamentary assistant pointed out, there are the routine clauses which modernize and bring up to date in various ways the shipping act itself. This is made necessary by changing conditions in the world and the plans of other nations. It is made necessary also because of the growth of traffic on the great lakes necessitating new certifications for

mates, engineers and pilots. It is made necessary by the more extensive use of pleasure craft. All these matters have been dealt with in fairly good fashion.

I do not have anything more on that aspect of it except to say that I hope that when we get into committee we will have some expert advice and also some specific treatment of these changes which are necessary and important but which have to be appreciated from the standpoint of the small operators, the fishermen and those who might be put out of business or affected in their daily lives.

The second part of this bill has interested me the most and I think it was the cause of some controversy in the other place. It ratifies the convention on oil pollution, that is the Canadian action which was taken at the convention two years ago. This raises a most interesting constitutional problem and I do not think we should pass over it too quickly. Unfortunately I do not have the background to discuss the intricate legal points involved, but in my reading of the activities in the other place and by some quick research I am of the opinion that this is being handled in a unique way.

It is not the first time that this method has been used, but I understand that of the two general types it is the less common. In most cases, if I have my words correct, the treaties or conventions that have been signed on behalf of Canada are brought back to parliament and, through active legislation and statute, are put into force by law. But this method—and it is the one that caused comment—is to incorporate into one of our acts or statutes the exact treaty, convention and other points that are necessary for its enforcement here. I am not saying for one minute that this is wrong, because I do not know. I realize there have been parliamentary legal experts on it who have given it considerable thought, but we remember the legislation in the 1930's that dealt extensively with this problem and we remember that it was necessary to go to the privy council in 1937 to receive a final opinion on the treaty-making powers and the necessary legislative and executive action thereto.

I mention this because I hope that we shall consider it extensively in committee. It is interesting. Probably the lawyers are the ones who are more prone to indicate a knowledge of this, but we have to be careful to make certain that this is being done in the best way possible.

That is all I have to say on second reading. As I say, I appreciate the fact that our shipping act is being modernized to some extent. We have in Canada little enough interest in the sea, in shipping and in our future plans, and if this action today helps in any small way to further the cause it is agreeable to me, and I am pleased to see it.

The second point that I mentioned, regarding the constitutional aspect of it, is important, and we should not forget it. It is probably the only point that has a principle involved in it; so I suppose that it is the one aspect of the bill which we should be discussing extensively here now on second reading; but I shall be interested in following it when it reaches the committee stage, and we shall watch for all these small points that may have been overlooked. We hope that by this legislation we shall have modernized and increased our shipping laws and in that way we shall be able to take our place in the competitive world in much better fashion.

Mr. H. W. Herridge (Kootenay West): My remarks will be quite brief, but I must say that we are very much interested in this bill, which without doubt does something to improve the shipping act in the light of modern conditions and circumstances.

I noted that the members of the other place gave a great deal of consideration to the suggested amendments, and without any question there are a good number of the members over there who have experience of the sea and have some knowledge of the technical and administrative problems with which this bill deals.

I myself read the bill. I listened carefully to the excellent explanation of the purpose of the bill given by the parliamentary assistant and I was particularly pleased that when he concluded he said that it was the intention to send the bill to the committee on railways, canals and telegraph lines. I am sure that will provide an opportunity to get a great deal of information on certain aspects of the bill that some of us inland people would not have unless the bill went to the committee.

I might say, though, that I am interested in the bill because I know the problems of small tug-boat operators, persons operating small vessels of 15 tons and under, and as a long-time member of a yacht club I am fully aware of the new conditions arising with respect to small pleasure craft because of the great increase in their numbers in recent years.

I was very much interested in the suggested amendments and the explanation given by the parliamentary assistant with respect to certificates for mates and certain classes of engineers who will be on these boats of small tonnage. I thought that at the present time it seemed most sensible, from my own personal experience on the lakes on which I reside.

I was also particularly interested in the proposals in connection with small craft operated by outboard motors of ten or more horsepower. I remember when the act was amended some years ago to require that the craft be licensed or registered. I know some of the difficulties that the R.C.M.P. have found in administering the act because of the great increase in the number of these vessels and because of the numbers of people who will use these boats without any knowledge of the rules of the road, as far as the water is concerned, and without any knowledge of the safety precautions required. I think that is one aspect that has to be emphasized very strongly, and more strongly all the time, across this country.

I am very glad to notice that the bill provides for the extension of this section of the act from minor waters to all waters. I remember the time when the amendment was before the house. I could not see how it could be effective, because minor waters are only a certain group of waters, and I should say the majority of these small craft are to be found on other types of waters. I judge that that amendment has been proposed as a result of experience. I think that the proposal to license gradually the operators of these small craft is sound and is a good one.

I am very pleased that the parliamentary assistant indicated it is not the intention of the department to rush into this suddenly. I find that people co-operate usually very well if they have an opportunity to understand what the department is attempting to do. I noted that he mentioned it was the intention of the department to implement this phase of the legislation gradually. I would suggest that the department would be well advised to get the list of all the yacht and launch clubs throughout the country and keep them informed of the changes in the legislation and ask for their suggestions and their experience. I think that would assist the department by getting the co-operation of even the smaller yacht and launch clubs all across Canada which exist on the seaboard and on our inland lakes and minor waters. It will make for an easier administration of the act and make for a better understanding of the department's intentions and, I am sure, will improve the relationship of the department's officials with the organizations concerned. I am not suggesting it is not good now but, in the administration of this type of legislation, through that co-operation, I think you will find that the general public interested in this type of craft will be quite willing to extend their co-operation because they know it is in the long run for the public good and for their own good.

That is all I have to say at this time. When we meet in committee, there are a number of questions I should like to ask. Like the member who preceded me, I am not competent to talk about the section on oil pollution—it is a constitutional and technical section—but we know that when we get into committee we shall have the opportunity to get the minister or his assistant and his officials to explain in detail all that this implies. We possibly will have an opportunity to give them our views as the result of our experience, and when the bill returns to the house it will receive the consideration that is justified and necessary so that when it does pass all the little kinks will have been ironed out.

Mr. C. E. Johnston (Bow River): Mr. Speaker, I just want to say a word about this measure. I think that Bill No. 349, an act to amend the Canada Shipping Act, will be of interest to all members of the house. The statement just made by the parliamentary assistant was a worth-while one, but it was indeed difficult to follow all the points that the parliamentary assistant brought out. However, he indicated in his remarks that the bill was going to be sent to a committee and that will give us time to go into his remarks more thoroughly. I am glad that the parliamentary assistant has indicated that the bill is going to a committee because there are some of us—I know this applies to myself—who are not too familiar with the conduct of ships at sea and those practices which are necessary in the best interests of the sailors themselves and the shipping industry as a whole.

I am sure that when the bill goes before the committee we will be able to have the advice of those people who are conversant with these matters, and the minister will be able to explain the different parts of the bill to us. The bill is a rather extensive one. There are 29 sections amending different parts of the act, and their consideration will require expert advice from the officials who appear before the committee. There is one part dealing with the international convention for the prevention of pollution of the sea by oil. That too is something about which we will have to get advice from the experts, those people who are immediately concerned with this type of pollution and the advantage that its prevention will mean to the shipping industry as a whole. Then there are also the appendices to deal with.

It is useless for me to carry the debate any further at this time because, as I say, I am not too conversant with the details of operations of this type. When the bill is before the committee we will be able to get the opinions of those who are more intimately acquainted with these matters. As

far as I am concerned, I will leave the matter until the bill is before committee.

Mr. H. M. Batten (Humber-St. George's): Mr. Speaker, I am not going to take much of the time of the house at this stage in discussing Bill No. 349. I do feel, however, that as far as those of us who live in the maritimes are concerned this bill is really important. With those parts of the bill that refer to the operation of larger boats I think most of us will agree wholeheartedly, but as far as the province of Newfoundland is concerned, where for many years small boat operators, particularly small motorboats, have been operating around the coast and bays of Newfoundland, the bill will need some clarification. I agree with the parliamentary assistant in the decision to refer the bill to the appropriate committee.

Mr. T. S. Barnett (Comox-Alberni): Mr. Speaker, like those who have preceded me I do not intend to take a great deal of time on the second reading of the bill. First I should like to say that I am pleased that the bill is to go to the standing committee where it can be discussed in detail. I appreciated the explanation given by the parliamentary assistant to the Minister of Transport, and I might also say that I found some reading I did of the proceedings in the other place to be of considerable interest. I agree with some of the remarks made by my colleague, the hon. member for Kootenay West (Mr. Herridge), with respect to the approach that should be taken in the development of regulations covering the operation of smaller vessels of various kinds, both fishing and pleasure craft. However, I should like to add one or two things to what he said in that connection.

As I understand it, the purpose of some of the proposed changes is to assist people to increase their own safety by acquiring some additional knowledge of the rules of the sea and so on. While I think that is a good thing, I hope that the Department of Transport does not feel that through taking steps of this kind they are going to be able to forget about the provision of the improved marine rescue facilities that are required in various parts of Canada at the present time. I believe that the development of safety consciousness and of appropriate regulations to ensure that people will take better care of themselves should go hand in hand with the development of more adequate rescue services than we have had heretofore.

Apart from that, one of my main interests in the bill has to do with the addition of the new part VIIA which concerns the matter of oil pollution. The Minister of Transport (Mr. Marler) may recall that quite recently I drew his attention to a problem existing in my own constituency with regard to oil pollution caused by ocean-going cargo vessels. Therefore I think that if the legislation before us now will meet the problem that has been created it is something which we should welcome and which, as far as I am concerned, I intend to support in principle at least.

I hope that some of the finer constitutional points that may be involved in our discussion in the committee will not cause us to overlook the essential value of protecting the people who live on our seacoasts from the dangers and the damage that can come from oil pollution. I think that the coast of British Columbia is perhaps an area where this type of legislation will be of particular value because in that province we have quite a large number of one-industry ports, some of which are in rather isolated parts of the coast but nevertheless quite a substantial tonnage of ocean-going freight moves through them during the course of each year.

In these places there are no local harbour authorities, no local bodies, with the power to make regulations and exercise control. I know that in my own constituency we have one board of harbour commissioners, that at Port Alberni. It has authority over the harbour there, but apart from that there are a number of other ports of call out of which quite substantial tonnages of ocean-going freight are shipped every year. Ocean-going vessels come to those ports directly from the sea and at times nuisances have been created which have been of considerable inconvenience to the residents of the area concerned.

So far as I am concerned, I feel that the implementation of the treaty respecting oil pollution on the seas is a forward step. I notice that the committee of the other place made one or two fairly important changes in the bill. One of them in particular had to do with the original proposal for the licensing of mates of fishing vessels, and because considerable objection apparently was raised to the proposal in the original bill a change was made.

I was rather interested to notice that all the opposition which came from the fishing industry to date appeared to have come from the maritime area rather than from the coast of British Columbia. That is not to say, however, that the development of a program with respect to improved seamanship and the requirement of an adequate knowledge of navigation and so on is not something which could not be brought forward in British Columbia. I do not know

whether or not we may have progressed further in that direction on our coast. Nevertheless, when we get into committee I think we might perhaps have some little review as to the pros and cons of that situation on which Their Honours in the other place acted to change the bill as it was originally drafted. I think that is all I have to say, Mr. Speaker, except that I shall be looking forward to the study that will take place in the committee.

Mr. Deputy Speaker: Is it the pleasure of the house to adopt the motion?

Motion agreed to and bill read the second time.

Mr. Marler moved that the bill be referred to the standing committee on railways, canals and telegraph lines.

Mr. Deputy Speaker: Is it the pleasure of the house to adopt the motion?

Motion agreed to and bill referred to the standing committee on railways, canals and telegraph lines.

INDIAN ACT

AMENDMENTS TO PROVIDE FOR CHANGES IN ADMINISTRATION, AMOUNT OF LOANS, ETC.

The house resumed, from Tuesday, June 19, consideration in committee of the following resolution—Mr. Pickersgill—Mr. Robinson (Simcoe East) in the chair:

That it is expedient to introduce a measure to amend the Indian Act to provide for a number of changes in connection with the administration of the act; and to provide further that the Minister of Finance may from time to time advance to the Minister of Citizenship and Immigration out of the consolidated revenue fund such sums of money as the minister may require for loans to Indians under section 69 of the act;

The total amount of outstanding advances under the said section not to exceed at any one time one million dollars in lieu of three hundred and fifty thousand dollars as at present.

Mr. Diefenbaker: Mr. Chairman, the resolution that is before the committee is one whereby it is deemed expedient to introduce a measure to amend the Indian Act to provide for a number of changes in connection with the administration of the act and also to provide for a revolving fund as therein set out. I should like for a short time to deal with the Indian Act and to make certain suggestions as to its amendment which the experience of administration has, in my opinion, made necessary. In the administration of the act I believe that the first consideration should be that the rights of Indians under treaties should be maintained and guaranteed to all Indians and for all time. Indeed, when treaties were entered into, particularly so far as those treaties are concerned that affect the Indians of the western plains, an agreement was made at that time by Lieutenant Governor Morris, while in the course of negotiating one or more of these treaties, in these words:

The ear of the Queen's government will always be open to hear the complaints of her Indian people, and she will deal with her servants that do not do their duty in a proper manner.

Also the general principles connected with the administration were set out by Lieutenant Governor Morris when he negotiated with the Indians at Fort Carlton. I think that was in 1876: I quote from the general principles then enunciated:

I see the Queen's councillors taking the Indians by the hand saying we are brothers, we will lift you up, we will teach you, if you will learn, the cunning of the white man. All along that road I see Indians gathering, I see gardens growing and houses building; I see them receiving money from the Queen's commissioners to purchase clothing for their children; at the same time I see them enjoying their hunting and fishing as before, I see them retaining their own mode of living with the Queen's gift, in addition.

Those were the general principles upon which these treaties were signed. Personally I knew one of the signors, one of the chiefs—namely the chief of the Mistawasis Indians—who was a boy at the time that treaty was made at Fort Carlton. I remember with what forcefulness and eloquence he pressed for that justice which was promised and relied upon the assurance that in the administration of the Indian Act the promises of 1876 would be carried out in their entirety. For the benefit of the minister I say this. I believe that in the last year or so changes have been made which have been beneficial. I refer to changes to provide for certain types of technical training, to allow for Indians to adopt mining and prospecting. I believe that the changes in this regard have been most beneficial and that the ambit of the changes already made should be materially increased and expanded in so far as vocational training is concerned. I believe that progressive programs of technical training, within the limitations of the native ability of the Indian, deserve as far as possible to be expanded and extended.

In general with regard to administration I should like to say this. I feel that, to too great an extent, there has been a desire on the part of the administration to expand the powers of the minister. When this bill is introduced, I hope there will be no changes to increase his power at the expense of the governor in council. I have seen a draft of the sections of the bill which were submitted to the Indian representatives who met some months ago. If some of those sections are to be adopted, I say that indeed the power of the minister will be extended and that

the centralization of authority in the minister will result in detrimental effects in so far as the administration of Indian affairs is concerned. Instead of centralizing power in the minister I believe that there should be more and more an expansion of the rights of Indians to their own self-government. One of the things that might be achieved in that connection is to give more Indians an opportunity to be installed in administrative positions not only in the field in the reserves but in the administration of the department here in Ottawa. While saying that, I also say that if changes are ever made whereby the minister receives further powers, I feel that provision should be made in the act to allow for appeals to the courts against administrative orders which affect the individual rights of Indians themselves. In other words, where the minister acts in a manner, administratively speaking, that has the result of determining the rights of an individual, or of a band, his decision in that regard should be subject to an appeal to the courts to the end that no one in this day and age have the right to determine the rights and privileges of peoples of other races without those persons having an appeal to the courts. All over the world coloured races are demanding that they shall no longer be subservient to the white races. In our country, the major subject of complaint on the part of Indians is that they are placed in an inferior position. There are 150,000 of them in this country, and 2,500 of them served during the past war, most of them voluntarily. Education is coming to them in larger measure though not in a sufficient way having regard to the potentialities of those people. Certainly, they have the right to demand that they shall not be subject to the *ipse dixit* of the minister, and their rights determined without having the right to appeal to the courts.

I mention that because Indians object very strongly to being placed in a position of being not second-class citizens but second-class people, to whom the courts of law in large measure against arbitrary and unjust actions on the part of the administrators are not open. In that connection, I should like some provision made whereby Indians would have an assured right of appeal against any orders or convictions made against them by the summary courts of criminal jurisdiction in our country. I think of an example that arose the other day. An Indian becomes intoxicated and pleads guilty to the charge. There is no reason whatever why, under those circumstances, a person should receive a jail sentence for a first offence. He is sentenced to two months in jail. He is a married man living on the reserve. He is sent away to serve his term at a time when he is just about to commence upon his farming operations. I believe when sentences of imprisonment for petty offences such as that are pronounced against Indians the department should see to it that there is an appeal in order to assure a reasonable equality of sentences and thereby deny any perversion of justice.

In that connection, I point out another subject of complaint. When a treaty Indian commits an offence he is subject to a summary conviction trial before a justice of the peace appointed by the department of Indian affairs. However honourable such persons may be, none the less they have not that freedom from external influence which our courts should have and to which every Canadian, whether white or Indian, should be entitled. In other words, I believe that the section of the act that today makes possible the appointment of justices of the peace by the department of Indian affairs, or by the governor in council, should be removed, and Indians should be tried in the ordinary courts before magistrates who have the necessary ability and also the experience to assure that inequality and inequity in the present system would be reasonably removed. After all, when an Indian serves a term in jail the effect on his health is detrimental; it stays with him sometimes for years. A jail sentence of two months should not be imposed upon Indians for the simple offence of being intoxicated.

I believe, too, that in so far as these minor offences are concerned, such as are provided for in the Indian Act, a fine should be sufficient. Provision might well be made in the Indian Act so that instead of there being a default, except in a limited number of cases, the Indian would be able to make payment of his fine in instalments to the end that imprisonment and its stigma would not be impressed upon him.

Now, sir, having said that, I feel that the resolution in question, which constitutes apparently in part a series of amendments based on the experience of the last few years, is premature, and that before the Indians in Canada can properly receive that consideration to which they should be entitled the law should be brought up to date and the Indian Act made an instrument of justice for the Indians of our country rather than in some cases, as it is, an agency of tyranny in its present form. I believe the first thing that should be done is to appoint a royal commission which would meet in all parts of Canada at appointed times and places so that the Indian's point of view might be placed before the Canadian people as a whole rather than through the narrow conduit pipe of the

administrative services within the department itself. There are tremendous problems at stake in the administration of the Indian. These problems will never be met by a piecemeal haphazard amendment of the act from time to time. They can only be met by viewing the problem in the national sense through the medium of a royal commission of men and women who have some knowledge of Indian affairs so that recommendations may be made for the amendment of the act which will remove many of the inequalities and injustices of the present.

We have royal commissions appointed on everything else. Why not a royal commission on Indian affairs? If a royal commission were appointed, Indians would feel free to appear through representatives from each of their bands to place before that commission their demands, their requirements and their suggestions for the improvement of the act. A number of commissions have sat within the last three years on the question of band membership. Those commissions were one-man commissions. They sat in British Columbia, Alberta, Saskatchewan and in Ontario in one or two cases. They consisted of a commissioner whose authority it was to hear evidence regarding the challenged rights of certain persons on the reserves to be considered as Indians. I am not going into the particulars of the number of sittings that took place but there were 17 of these commissions and they sat in 1954.

Under the provisions of the Indian Act as it now stands, these commissions did not examine the questions with which they were charged and had the responsibility to undertake by anything approaching the laws of evidence. They proceeded on the basis of the sheerest hearsay in many cases. Their purpose was to ascertain whether or not certain individuals on the reserves whose status was challenged were or were not Indians. I took no part personally in any one of these but I was present when two of the commissioners sat, and what passed as evidence was a denial of every principle that should be in effect if the rights of individuals are to be protected. It is true there was a right to appeal for a review by the minister and also by a district or county court judge, as the case might be, but here was the kind of evidence I heard.

Mr. Pickersgill: The appeal is not to the minister but to the registrar.

Mr. Diefenbaker: The minister is right; I am speaking without the act before me. This is an example of the kind of evidence that was given: Someone would turn up who was called to give evidence concerning party A who was challenged as not being an Indian. He might say, "My grandmother told me when I was a boy that A's grandfather was a white man". Well, Mr. Chairman, that type of hearsay evidence could not but arouse feelings of intense antagonism among the Indian tribes on reservations where the commissions sat. The commissions had the power by way of evidence to determine whether A, B or C as the case might be was indeed an Indian within the meaning of the act. I know of nothing that has taken place on Indian reservations or among Indians within the last 25 or 30 years that aroused such intense feelings of antagonism and animosity as between band presidents.

The minister might say, "Well, the Indians asked for this." It is indeed one of the few things the Indians asked for that they ever got, but it is one of those things that naturally provide a short-cut in the determination as to whether or not a person is indeed an Indian; but in the manner in which it was administered under the law passed by this house it had the effect of creating feelings of antipathy, arousing false motives on the part of those who would benefit by having reduced the number of people on a reserve entitled to be called Indians. There were jealousies, ancient antipathies and fears. There were all the motives that cause men to act differently than normal men and women. All these things brought about a state of disagreement and ill-feeling that should never have been permitted to take place.

Even at this late date I am asking the minister whether it would not be in the interests of amity and good spirit on these reservations if whatever was done by these commissions should be entirely obliterated. Whatever the findings were—whether or not the findings were correct as regards certain individuals being entitled to be considered as members of the band—the manner in which the commissioners sat and the sittings of the commissions themselves brought about a situation that was a negation of the kind of tranquility that should be established and fostered on reserves, and brought about a feeling of hostility that will only be obliterated in possibly one or more generations. I say that because I believe even now the minister should realize the situation has arisen everywhere in this country and should endeavour as far as possible to remove the adverse effects which the commission system brought into being. After all, there are three, four or five hon. members of this house—my friend the hon. member for Qu'Appelle is one and I am another—who have been honoured by appointment as chiefs of Indian tribes. The Indians come to us and ask us to present their views before parliament. They have no direct representation. As a matter of fact, I have often thought

that the only way in which our 150,000 Indian people in Canada who have no representation in parliament could receive representation would be through the appointment to the Senate of one or more of their outstanding leaders to the end that their problems will receive that consideration which only direct representation in parliament, either in the Senate or in the House of Commons, will permit.

I therefore sum up the views I have endeavoured to place before the committee. In the first place, a royal commission should be appointed. Second, the powers of the minister which permit of the arbitrary exercise of rights determining individual privileges and rights on reservations should be subject to an appeal to the courts. If the orders that are made by the minister determining the rights of individuals are worth while and have a sound basis, there should be no fear of having the courts review them when and if any Indian feels he is aggrieved thereby.

Third, the provisions concerning the appointment of a justice of the peace to try infractions under the Indian Act should be removed from the statutes and those Indians should be permitted trial before regular magistrates in the several provinces in this country. Surely we do not have to have a system that denies one group of people in this country, the Indian population, the right to be tried for summary conviction before the same courts that try all the other people in Canada. The Indians should not be restricted to trial before justices of the peace who indirectly owe their appointments to the Indian department. We should have reached the stage in our development where no judicial officer should directly or indirectly find himself in the position where he has to act both as judge and as interested party.

Fourth, I suggest that the provisions for commissions to investigate the rights of Indians to be on reserves and be considered as Indians should be entirely obliterated and the band list as determined by the Indian reservation residents themselves should be accepted as the basis for future determination as to qualifications for Indians after this date.

These are but three or four suggestions which I have to offer. I couple them with the need for a pronounced expansion in the vocational training of Indians. They have done amazingly well under the plans brought into being by the minister in connection with prospecting for minerals. They have caught on to this and many of them are receiving large wages, far beyond what they could have ever hoped for in other activities. They have a natural aptitude for the outdoors and a natural ability to do those things in the outdoors which a prospector must do.

Then what about provisions to raise the standards of Indians on the reservations? I suggest that there should be provision in the act for a trained welfare worker on every reserve to the end that residents on the reserve would receive the benefit of instructions which only a person such as that could give, thereby bringing about improved economic conditions.

From that item arises one other, the amounts furnished today to indigent Indians for upkeep, food and relief assistance. According to the information I have this allowance is at the starvation level of some $7.75 per month. This is something which should be altered. Today Indians are removed from the time when they could provide their livelihood by hunting and fishing. The white man has made that almost impossible and for that reason indigent Indians and those unable to take care of themselves should be assured of at least a reasonable living, something that is not possible under the allowances paid today.

The objective of the Indian department should be a wider expansion of local self-government on the reserves. Give to the chiefs and their councillors allowances in keeping with their responsibilities. I have not the latest figures, but I know of no change in that regard, and I understand that the chief today receives $25 a year while the councillors receive $15 a year each.

Mr. Pickersgill: That is right.

Mr. Diefenbaker: The minister indicates that those are the rates still being paid. Those rates go back to 1870 or 1875 and they are ridiculous in the light of conditions today. There can be no justification for not extending them. Indians I have met contend that the chiefs are entitled to at least $12.50 per month and councillors $8 per month. They ought to be repaid in some small degree for the energy they display and the ability they exercise in solving the day-to-day problems of the reserve. After all, our purpose is to give them the opportunity to rise to a position of honourable, effective and dignified citizenship. By that I do not mean that we should grant to them all citizenship because there is disagreement among them. They fear that if they become citizens of Canada—

Mr. Pickersgill: They are citizens of Canada.

Mr. Diefenbaker: They fear that if they vote as citizens of Canada—

The Deputy Chairman: I am sorry to have to interrupt the hon. gentleman but he has exceeded his time limit.

Indian Act

Mr. Bryson: Mr. Chairman, as one of those in this country who point with such pride to our economic prosperity, it is with a feeling of some embarrassment that I find it necessary to rise and make a plea for Canada's most impoverished citizens. At the outset I should like to say that I support the proposed legislation with one or two reservations which I shall make known later. When we are enjoying such prosperity in this country I feel it is rather embarrassing that we have to admit that we have approximately 150,000 people who have been and still are being relegated to a role of unimportance within the economy of the country. It is embarrassing to admit that living conditions such as we find on Indian reserves across this country do exist. We have to admit also that we are still unprepared to accept these people as anything but second-class citizens.

I had hoped for the last three years that there would be a new approach to the whole Indian problem. I had hopes that the present minister would go to great lengths to revise and improve the existing Indian Act. Certainly he knows the problem because he has admitted it on many occasions. A prime example of that admission will be found in the *Indian News* of January of this year. The Minister of Citizenship and Immigration is pointing out the problem that exists, and he goes on to say:

> —there are only two ways in which we can carry on in this country in the future. One way is by the Indians living off in a corner by themselves and having as little to do with the rest of us as possible, and the other is by our getting together and working together and living together as brothers, and as equals, to make this a better country for all of us.

That is a most worthy admission on the part of the minister. When the minister was speaking to the delegation of Indian representatives here in Ottawa he said that something should be done about the conditions which exist. He went on to discuss the purpose of the conference at which changes in the Indian Act were to be considered, and he continued:

> Now nothing we are going to suggest, nothing I am going to put before you, is different from the principles of the old act.

I think that was most unfortunate.

Mr. Pickersgill: By the old act of course I meant the act of 1951.

Mr. Bryson: That may be; nevertheless I think events have proved that nothing fundamentally different was arrived at at that conference.

Mr. Pickersgill: Oh, yes, it was.

[The Deputy Chairman.]

Mr. Bryson: As I said at the beginning, if we are not to have a new act or a new approach to the old act, then we are left with no choice but to support the legislation before us with one or two reservations. It was unfortunate the other day that the minister was reluctant to discuss the administrative changes referred to in the first part of the resolution.

Mr. Pickersgill: Mr. Chairman, on a point of order, I am not in the slightest degree reluctant to discuss the administrative changes. I should like awfully much to get this resolution passed so that all hon. members can see what is proposed and so that we can discuss it intelligently.

Mr. Bryson: That is the very point I am trying to make. While I am in favour of the proposal covered by this resolution, I think its success or failure hinges entirely upon the administrative changes which we presume the minister is going to propose. To suggest that the increase that is mentioned is going in any way to benefit the Indians without any change in the administration is, I feel, a complete delusion. I hope that when the bill is at the proper stage we shall have some indication of what that change in administration is going to be.

I was rather amazed when I tried to find out on what basic information this house is asked to subscribe something in the neighbourhood of one million dollars to increase loans to Indians under the act. Why are we being asked to do that? Apparently we are unable to find out very much authentic information through the questions that have been asked in this house, so we must try to make up our own minds as to the necessity for this increase. Certainly if we believe some of the stories we read in the press and hear over the radio as to what conditions are regarding our Indians generally, we have no alternative but to believe that conditions are not what they should be. I should like to read one or two excerpts from some of the press clippings from local newspapers that have appeared over the past month or two. According to one, Mr. Gordon Robertson, commissioner of the territories, said on Friday, May 4, before the royal commission on broadcasting:

> The fur trade was the most depressed industry in Canada and the average annual income of the natives was less than $800.

The other day the hon. member for Mackenzie River mentioned the figure of $400. Again, an item appeared in my own constituency paper of January, as follows:

> Needy Indian families on the Fishing lake reserve, southeast of here, are more warmly dressed as the result of an appeal for clothing and

deer skins made by Corporal Gordon Crawford of the local R.C.M.P. detachment.

He requested that local people bring old clothing and deer skins to a central depot for distribution. Again, we have a report of April 11, as follows:

Federal officials have begun an investigation of living conditions of 400 Indians at the Roseau river reservation about 60 miles south of Winnipeg.

An Indian affairs branch official said that the investigation followed recent Winnipeg reports that the Indians are living in three houses and 17 log cabins there.

It goes on to point out the very serious conditions that exist. Then possibly one of the most shocking items appeared in the *Star-Phoenix* a month or so ago, when an Indian was arraigned in court on a very serious charge. The judge in that case, Mr. Justice G. E. Taylor, took a grave view of the conditions under which Indians of the Saulteaux reserve, north of Cochin, are living. He said:

It is shocking indeed to find that such conditions can continue to exist anywhere in Canada.

J. N. Conroy, Q.C., then described the conditions that exist:

Mr. Conroy described their reserve as an area of "hills, sand and stones, not capable of cultivation". Its people, he said, "can neither read or write. They have no schools. They know nothing of religion, or the customs or morals of civilization. "They are a race apart—" . . .

Whilst I have said I am in favour of this increase, I should like something more than newspaper reports as a justification for parliament passing this request that the minister has placed before it. So, because of that interest and because of my curiosity, I asked for certain returns, and from those returns I hoped to get a clear picture of the need for this increase. About a month ago I asked what the cash income was, thinking that possibly if I could get some answer as to the cash income of Indians across this country, it would give some indication of the economic condition in which they find themselves. I asked for the cash income each year since 1951 from the sale of grain, livestock and other products. The answer I got from the department was:

There are no official records kept of the total income of Indians. Statistics are, however, maintained for reserves on which the "permission to sell" section of the act is invoked with respect to farm produce. These figures would not necessarily be an accurate reflection of the total income of the Indians concerned.

I thought that was rather strange, because we are able to find out the income of every other group in this country.

Mr. Pickersgill: Would the hon. member mind if I interrupted him? I had meant—and I apologize to him—to say a word to him about the answer filed to that question. I did not wish him to think there was any desire not to give information. After considering as much information as we had available in my department, I felt it would be entirely misleading to give it.

There was another objection too. With these Indians who are given permission to sell certain things—permission is still required under the act, and I rather regret to say it is—their number is so small that if you gave it for individual reservations you would be almost disclosing the affairs of individual Indians in a way that I do not think we would do for other people in the community. But I think if the hon. gentleman wanted to get some kind of estimate such as the bureau of statistics makes, it might be possible to get something of that sort that would be sufficiently generalized so as not to disclose people's private affairs and so as to give a fairly reasonable picture, but my department does not have statistics of that sort.

Mr. Bryson: I think it would be to the advantage of those of us in this house who are interested if we could get a compilation of the income of these people, when we are asked to subscribe considerable amounts of money for their welfare. Then I investigated a little further, and I understood from reading section 69 of the act that in many cases this money was primarily going to be used for furthering farming and agricultural activities of the different reserves.

Mr. Pickersgill: For loans.

Mr. Bryson: So I undertook to ask a few questions relevant to that, because I am very much concerned about this question of supervision. I am not an expert on Indians, although I have lived near them all my life, but I know they must have supervision. After all, you do not send out even skilled workers without supervision of some kind, somebody to see that the plan is carried out. It is unfortunate, in my estimation, that the department expects these people, who are still in many cases very primitive, to go out and attempt to do the kind of job that is going to make their operation an economic possibility. So I asked a question relevant to supervision. I asked:

How many persons are presently employed as farm instructors by the Department of Citizenship and Immigration, Indian affairs branch?

These farm instructors are the people who are going to make or break the scheme the minister envisages in this section. The answer was:

The Indian affairs branch of the Department of Citizenship and Immigration does not employ farm instructors as such. In areas where the chief occupation of the Indian population is agriculture,

farming instruction is given by Indian agency assistants who also perform administrative and other functions.

Then I asked how many part-time instructors there were. There was no answer to that. Then I asked:

On what reservations are these instructors presently engaged?

There was no answer to that. Nor was there any answer to the question:

What salary do these farm instructors receive?

It was very evasive from start to finish. I took the little bulletin that is put out by the department regarding the census of Indians, and I found a very amazing revelation. There are 100 Indian agency assistants looking after 151,558 Indians. That is one Indian agency instructor for every 1,500 Indians. There are 608 bands, 87 superintendents, and so on, or one superintendent for every seven bands.

The point I am trying to make is that I feel that if this money is going to be used to the best advantage when there is very close the best advantage when there is very close administration on the reserves. Two years ago I drew the attention of the minister to a particular situation, and I want to mention it now because it has a very great bearing on this matter. I find from a return that the reservation I have in mind was in receipt of some $3,900 by way of a loan out of the original amount of $350,000.

I should like to ask this question. What benefit did these Indians actually get from that loan? I have been unable to get any information at all in that regard. However, I should like to read an excerpt from a letter written to me two months ago, and the part I wish to read has to do with conditions existing on this reserve in spite of the loan they received. A man who lives near the reserve wrote me and this is what he had to say:

I think this has been the worst time we have had with the Indians coming to the house to get warm on their way to the reserve. I keep a diary and on looking it over I find this. On the last four days we have had no less than 30 Indians . . .

These Indians came in there to try to get warm around the stove. Then he went on to say that he saw the Indian agent and the Indian agent shrugged his shoulders and said, "Throw them out." That is the kind of situation that exists on that reserve. Therefore I ask this further question relative to that condition. On that reserve there are 183 Indians and they have 348 acres of cultivated land. There you have 183 Indians trying to eke out an existence on 348 acres of land, without any supervision whatsoever.

[Mr. Bryson.]

The minister challenged my statement two years ago when I said there was no supervision on that reserve. I received a return from him pointing out that the Indian agent had visited the reserve three times during the summer. The fact of the matter is, as appears from the return that I received, that the Indian agent visited the reserve in April before seeding. Then he came back early in August before harvest and came back again in November. He always came when there was actually no need for him to come. He came there before the crop had been sowed. He came back before it was harvested, and he came back after it was harvested.

Here is a situation where we have people trying to exist on less than two acres of cultivated land each, and it is not good enough. We go to great lengths to provide money for the Colombo plan for economic aid. I feel that we in this country need a Colombo plan for our own Indians. If we are going to talk about economic aid in other parts of the world, I think we should investigate the proposition of establishing a Colombo plan with respect to our own Indians here at home.

I referred to our Indians as being second class citizens. In my area of the country a great many farmers who have land to be cleared and broken go to an operator and say they will give him the first crop clear if he will clear the trees off the land, break it and sow it at his own expense, and there are many takers. In some cases, if it costs $40 or $50 an acre to clear it, they will take the first crop and half of the second crop. But what happens on the Indian reserve when there is land to be broken? The officials of the department solicit farmers from the surrounding areas to come and bid on clearing and breaking the land, and you give them three-quarters of the crop for five years for doing it. I do not think that is giving the Indian very much of a break.

Then I should like to refer to something that I understand by the grapevine is going to take place, and I hope this is not true. I referred to this reserve where there are 183 Indians trying to operate 348 cultivated acres. They also have 1,500 acres of leased land. I know the land very well. It is on the shore of a lake and is mostly rock and trees.

Mr. Pickersgill: The hon. member means land leased to non-Indians?

Mr. Bryson: It is part of the reserve.

Mr. Pickersgill: Land leased for the Indians.

Mr. Bryson: Yes, it is part of the reserve. I understand by the grapevine that the department is going to take 100 head of heifers, breeding stock, to the reserve this spring.

I hope that is not true, because these people have no haying machinery whatsoever. They have no facilities to look after such a herd of cattle, and they will end up without any cattle or anything else. All they will have will be the companionship of some of the cows next winter. I hope the minister will advise me as to the truth of that story.

In this very informative little magazine I also read something about housing conditions on reserves. I was rather amused at the story, because the first thing I read was that hammers and saws on almost every reserve in Canada were singing a song of better housing. It sounds very interesting when you read it, but when you investigate the proposition what do you find? I am just going to take two provinces, Saskatchewan and Alberta. I find that in Saskatchewan we have 67 Indian reservations and last year there were 62 new homes built, or something less than one home per reservation. There are 18,750 Indians on the 67 reserves, so that means one new house for each 300 Indians. In Alberta there are 47 reserves and there were 130 houses built or 2·7 houses per reserve, with about 300 Indians on each reserve.

I come back to the first point I made about supervision. We need, not only more but better Indian agents. I am sure the minister is a good enough administrator to realize that changes are necessary in that regard if we are going to have better conditions among our Indians. It is going to cost more money, and I think the people of Canada will be prepared to grant more money for this worthy cause. In my opinion we in this country stand condemned of the greatest crime in our history so far as our treatment of our Indians is concerned. I think it is time that our Indian policy was established on the principle that the Canadian Indian is a respectable individual. That is the only policy the government has not tried up to this time, and that is why we have failed so completely and miserably to even come close to finding a solution to the problem.

We are placing a great deal of emphasis on education, but I should like to say that only when we make a concerted attack at the root of the problem are we going to make any progress in education. First of all we must establish a decent economic existence for these impoverished people before we talk about interesting them in education. However, adequate educational facilities must be provided in conjunction with such a program.

I said something about the minister being a good administrator, and I hope he will prove to be a good administrator in future so far as Indian affairs are concerned. Certainly if we take as our yardstick the progress in Indian welfare that has been made to date I doubt whether among the 19 members of the cabinet a worse administrator could have been found. I hope the minister will do something to better conditions as we find them. I should like to ask the minister this question. We are stuck with this Indian problem, and nobody knows it better than he does. The Indian, by the minister's own admission, is not a dying race by any stretch of the imagination; he is increasing.

We must face this problem. I should like to see the minister take one of these reserves in western Canada and set it up as an experimental station in order to see what can be done to give these people a decent economic existence. I think he is going to be obliged to abandon many of these reserves. The Indians themselves asked for land which was not suitable for agriculture. They asked for land that was situated near lakes where they could fish, but there is no longer fish in the lakes. I should therefore like to see the minister take one of these reserves that has possibilities, set it up under proper supervision as an experimental station, and see what can be done. Certainly it is going to cost money, but I think it will be worth it. Otherwise, we shall be obliged to abandon completely the reserves we have because these people are increasing in numbers and are becoming more impoverished as time goes on.

I should like to see the administration divided between the province, as much as possible, and the central government. When you are dealing with people scattered through the ten provinces, local conditions and provincial conditions are different. I think it would be to the advantage of all concerned if the administration of this problem were shared between the province, as much as possible, and the federal authority. I feel that the Indian problem will not solve itself. We made the problem, and we must accept the major responsibility for solving it.

Mr. Blackmore: Mr. Chairman, in all I say today I want the minister and every other member in the chamber to realize that I fully appreciate the fact that in dealing with the Indian problem you are dealing with a major problem. It is a matter about which it is extremely easy to find fault but exceedingly difficult to prescribe a remedy and produce results. I have spent my life within two miles of the Blood Indian reservation. The Blood Indian reservation is one of the finest reservations in Canada, and the Blood Indians are one of the finest tribes

in Canada, if not the finest. I say that without reservation, and not because they happen to be in my constituency.

I have greatly appreciated what has been said by the hon. member for Prince Albert and the hon. member for Humboldt-Melfort. Everything those hon. members said was true, valuable and pertinent; and everything those two said must be met head on, with no sidestepping whatsoever, because they are picturing facts just as they are. The speech given the other night by the hon. member for Mackenzie River was again an exceedingly valuable one that must be met head on.

Ever since we started dealing with Indians, or rather ever since our forefathers did so, I think there has been a failure to realize a most important fact, namely that the Indian population of the Dominion of Canada is potentially a magnificent asset or a dreadful liability. Whether it is going to become a magnificent asset or a formidable responsibility rests upon us who are charged with the responsibility of administering the act under which the Indians are supposed to try to live. There is no doubt that our Indian population—and I say this as a result of my observations of the Indians—as far as I have met them—consists of splendid men and splendid women in potentiality. If they are given a chance such as that which we demand for our own children and our fellows, they will measure up in a highly commendable way.

Up to the present time, as I have seen ourselves in action in respect of Indians—and while I was sitting in the committee on the Indian Act I kept thinking of this over and over again—the first thing we always think about when we think about Indians is how to save money. We try to put the dollar sign on every single thing we think and say about Indians when as a matter of fact the first thing we ought to be thinking about is Indians, how to make them the great people the Creator intended they should be, and the magnificent people they were before the white man came to this country. Let the dollar sign take care of itself. We have been altogether too niggardly in the past. We should be treating our Indian population as a sort of big business in Canada.

It is easy for us to hear men like the hon. member for Humboldt-Melfort, whom I honour because of his contribution this afternoon and the careful study he has devoted to this problem—it is easy to hear him speak about the Indians consisting of 150,000 or more, but it is extremely difficult for us to realize what 150,000 people would look like if you had them all close together where you could get a good look at them; how much it would take to feed, clothe, shelter and educate them; and how many resources and what kind of resources they would require to have access to if they were to supply these things themselves. I refer to the feeding, clothing, sheltering and educating.

With us it is largely a matter of money, as I have already indicated. I know that we are faced with serious financial difficulties in this nation, but we are not faced with any difficulties in connection with producing food, clothing, shelter, the means of educating or of giving hospitalization. We are not faced with that problem at all. Let us not forget that fact for one minute. If we are worried about money, it is likely to be our own fault. The Indians cannot do a thing about that money question. They are helpless. Today they can do very little about producing, because in that respect they are likewise largely helpless.

Having said these things, I want the minister not to feel that I am finding fault with the way in which he is administering the Indian department. I believe the minister has approached this problem with just as great sincerity, resourcefulness and initiative as did the present Minister of Finance; and I doubt that the country ever had a finer minister in charge of Indian problems than the present Minister of Finance.

Mr. Pickersgill: I agree with that statement.

Mr. Blackmore: We must face these things. It is just little Canadianism for me, because I happen to be in the opposition, to fail to appreciate the efforts which are being put forth by the people who are in the government. I must put myself in a position such as that in which I would be if I occupied their position. I may say that I am really very glad that I do not occupy the position in which the Minister of Citizenship and Immigration happens to find himself with regard to nearly anything he has to deal with in his department.

Mr. Pickersgill: I have at least one friend.

Mr. Blackmore: You have at least someone who appreciates the problems you face and who is ready to give you credit for the things you do when you are trying to do what is right.

Mr. Benidickson: I would join with the hon. member for Lethbridge.

Mr. Hansell: Another friend.

Mr. Blackmore: There are several principles which I think must be laid down. I found when I was on the Indian Act committee

there were a good many who did not agree with me; but after the thinking I have done, which may not be of the very highest type, and after the experience I have had with Indians—and I have been on plenty of reservations—I have come to the conclusion that the things I am going to lay down are principles which are essential in dealing with the Indian problem.

I would say the first thing, Mr. Speaker—and I believe the minister agrees with all these things; I hope he will not think there is any criticism implied—we must do is to keep the reservation inviolate. Every reservation in this Dominion of Canada must be kept at least as good as it is now, and retained that way for generations yet to come. It must be improved if possible and wherever possible, but it must not be allowed to deteriorate.

The hon. member for Humboldt-Melfort spoke of the increase in the population. It is true the Indians are increasing in numbers; we want them to do so. We are providing them with family allowances and old age pensions to encourage them to do so. We should be providing them with greater family allowances and old age pensions to encourage them to do so, because as far as I know Indians will be loyal and true to this nation, which is a great deal more than you can say about a whole lot of the questionable characters we have been dragging into this country in droves in the last 15 or 20 years, people who would rather cut our throats than say hello to us, only they do it in a sneaking underhand way, behind the curtain or in the dark. Therefore I say we want the Indian population to increase. They are great people.

Now, then, if the Indian population increases—and it is increasing on the reservation in my constituency, the Blood Indian reservation—why have we not added to the acreage in that reservation in conformity with the increase in the population? Why did we make the reservation in the beginning the size it was then? Had the size of the reservation any relation whatsoever to the number of Indians which it was contemplated would be expected to maintain themselves on the reservation? If not, then certainly it was an oversight. Should we not in a very broad way fit the size of a reservation to the population of the Indians who are required to live on that reservation? Wherever it is found that the size of a reservation is not in conformity with the number of Indians who have to keep themselves on that reservation we had better look into the matter with the determination to make the reservation larger or more productive. I say that is the first great principle.

We should increase the productivity of the reservation by such things as wood lots, fish ponds, pasture lands and game. A lot of people I have talked to gasped when I talked about a thing like that. Well, how in the name of common sense do you suppose an Indian gets his wood with which to keep himself warm? Seventy-five years ago there was wood all over the place and in every water course, where he could help himself and get all the wood he wanted; there were ponies running all over the range that he could use. Well, today he cannot find any place where he can go and get a bit of firewood for his home without being warned off by a white holder of the property.

Why have we not looked into the matter of planting wood lots and maintaining them where an Indian on the reservation has not a wood lot and where wood is at a premium? How do you think Indians can afford to buy coal the way we can? Where are they going to get the money to pay for the coal? For instance, in my own riding time and again I have seen the Indians struggling along. When I think of how much it costs my family for coal to keep ourselves warm and what we have to spend on food and clothing and every other thing that we need to live, I often say to my wife I do not see how on earth the Indians live at all.

I do not wish to elaborate or take too much time on the matters I have mentioned, but they are matters that ought to be taken care of. The Indians used to be able to go fishing all over the place 75 years ago. When they signed the treaties in the west in 1877 they could fish anywhere; they could take prairie chicken and other game birds anywhere, and, as I have said, they could get firewood anywhere. They could pick fruit in abundance, on every hillside, and a little while before that there were buffalo in abundance, and deer. There was a wide variety of game, and there were rabbits on pretty nearly every reservation. You can go across the average reservation today almost without seeing a sign of any of these things. What are the Indians living on?

I would like to elaborate on the remarks of the hon. member for Humboldt-Melfort. It would be a very fine thing for the minister if he could possibly select a reservation somewhere, if he feels they are satisfactory, and then take the number of white men that would correspond to the number of Indians that he would expect could make a living there, put the white men there and see if they could live where Indians are trying to live, with no more access to productive capacity than the Indians have.

In the reservation in my constituency there is plenty of room for wood lots and plenty of room for fish ponds. Until the St. Mary

dam was built I do not believe we ever thought of increasing the number of fish in the streams in which the Indians used to fish. We took no steps so far as I know. I hope the minister is doing that, and I am sure he will do it after I get through talking. We took no steps to increase their pasture facilities. Wherever I go the white men around are just simply straining to get in on the Indian reservations and rent their lands for pasture. It is good that they do, because in many instances the Indians have not the cattle to pasture on the land. But the main thing is that they never take any thought of improving the pasturing on their lands. Something should be done to renew the pasture.

Mr. Pickersgill: Perhaps the hon. gentleman would not mind my interrupting for just a second? I know he will be glad to hear that I anticipated what he was going to say, and we did make an arrangement with the provincial government to get quite a bit more land added to the Stony-Sarcee reserve west of Calgary for precisely those purposes.

Mr. Blackmore: I want the minister to get up and tell us every one of the things he is doing, because that would help us to appreciate them. I hope he goes not only on the Stony reserve but I hope he considers every reserve. The only reserve I know of in which there appears to be sufficient pasture is the reserve of the Indians near Gleichen, Alberta. I have been over a good many of the reservations, too.

Again, in the Waterton national park, during the last few years, we have had a preserve in which we have buffalo. It is just surprising how happily these buffalo live and how they thrive and grow and reproduce. The thought has come to me many times, why could we not establish—

Some hon. Members: Oh, oh.

Mr. Blackmore: I may have used the wrong word.

Mr. Pickersgill: Oh, no.

Mr. Blackmore: If I did, I beg your pardon. After all, the important thing is that these buffalo are growing in numbers. Why should we not have buffalo paddocks in a great number of places where the Indians could go and shoot buffalo as their fathers did? Why have we not taken care of a matter of that kind?

Mr. Pickersgill: I shall have to leave that to the Minister of Northern Affairs and National Resources.

Mr. Blackmore: But remember, it will take quite a bit of money and it will take someone to look after the buffalo. In the hills a part of which form part of the Waterton park where the buffalo are now roaming there would be ample space for thousands of buffalo. I do not know why it could not be put to such good use, considering the fact that we do not know what to do with our surplus wheat when we produce it, and a great many other things we produce in abundance. I do not know why we could not put some of these lands into valuable use for the sake of our Indians.

As I said a moment ago there is a great deal of land which we are taking over and finding unsuitable for farming. I do not see one valid reason why we should not build pastures, as the Minister of Agriculture has done under the P.F.R.A., in which we could allow the Indians to participate. I just throw that out as a suggestion. If we are afraid to give them the land outright we might lease it to them over a considerable length of time. We are now overproducing all across the country, and I do not see why we should not let the Indians benefit by some of the land we are using.

There is another very important matter. I do not wish to do any harm to any hon. member who served with me on the committee examining the Indian Act, but during our sittings there seemed to be a feeling that what we wanted to do was to get the Indians off the reserves, wash our hands of them and dust our trousers and say, "That's that". As I said when I first spoke, we must treat these reservations, shall I say, as sanctuaries to which the Indians can return.

If we were to take the Indian boys and girls and give them the finest education and training that we might give to white youth and they were to go into ordinary society, they would be under a tremendous disadvantage in the average community purely because of personal characteristics. Can you imagine how popular an Indian doctor would be? Can you imagine what success an Indian dentist or an Indian school teacher or lawyer would have? I know there are some who succeed but when you think of how many white people fail, with all their advantages, you would not be surprised to find that a great many of these people would fail, not because they were incompetent in their profession but simply because the white people would not want to go to an Indian.

An hon. Member: Oh, no.

Mr. Blackmore: Well, I have had a certain amount of experience in these matters, and I am certainly not hurting the Indian; I am

boosting him up and my hon. friend should be glad of that. He puts himself up as a great defender of Indians and an advocate of their welfare, but I want this to be understood. As far as I can see, if you trained the average Indian to the very highest degree he would still be under a serious disadvantage in open competition with white people among whom he hoped to dwell. In an age when unemployment is so common and jobs are so hard to get we must not imagine that just because we train these Indian boys and girls they are going to be successful. Many an Indian who had fine personal qualifications himself might have a child who would not have those qualifications. This happens among white people with great frequency. If the father of that child should have left the reserve and established himself independently, his children who did not inherit the qualifications they would need in order to live off a reserve would have to be able to go back in time of need. I think this is a matter that must not be disregarded.

For the reason I have just given I think we have to safeguard the band membership of Indians. I do not think we can afford to leave it entirely to the bands of Indians to determine whether Indians are going to be on reserves. If people have Indian blood in their veins, even if it is only one-twelfth or one-sixteenth, they may be parents of children who will have all the characteristics of full-blooded Indians. These children will likely have to go back to a reservation and claim the right of the reservation to which they should belong. I think provision must be made for this sort of case looking to the future, if we are to approach this problem in a realistic way with a long range view.

Certain things have been said by various men and certain things have been said by the minister which have caused the Indians much concern. The Indians fear he wants to get them off the reservations. For instance, the minister has used the expression "integrating the Indian with the white population". Throughout his life the Indian has been taught to suspect everything the double-tongued white man said; therefore when the double-tongued white man says "integrate the Indian with the white population" the Indian concludes that means taking him off the reserve, putting him in open competition with the white man and taking away the treaty privileges his forefathers were promised.

As far as integration is concerned I think it must be as a result of self motivation on the part of the Indians; it must be by teaching the boys and girls that they can succeed very well off the reserves.

Mr. Pickersgill: Oh, quite.

Mr. Blackmore: No pressure must be put on them in any way, shape or form. When they integrate a good many of them will intermarry. I know of a good many combinations which are apparently quite successful, where Indians and white people have married. If they do that of their own free will and choice it is fine, and I believe they will eventually become white people; but let us have the instigation and pressure come from them and not from us.

There is another matter to which I wish to devote some attention and that is the preservation of the native religion, history and culture. The Indians have a great culture, a great history and a great religion. The ancestors of our Indians created those magnificent pieces of architecture we find down in Central America. It was not second rate citizens who produced those great works, and no doubt they were created by people of the same blood and with the same ability as our Indians. The Indians have a great history and they should know about it, because it will inspire them. They had a great religion, or they would not have produced those great works; and they should know about it. Whether or not they choose to follow their native religion ought to be a matter of their personal choice, but I believe they should know about all these things.

There is another matter which I think deserves some attention, and that is the matter of choosing the band council. Formerly in all the reservations and among all the bands the Indians who led the bands were people who had a hereditary right to do so, and the Indians were led by those who came from great families. We are now trying to introduce on many of the reservations the idea that the Indians should elect their representatives rather than select those whose heredity would qualify them for the position.

That poses a difficult problem, as the minister knows only too well, but my judgment is that the Indians themselves should be the judges as to whether they will choose as their band council those hereditary leaders or whether they will choose others whom they may consider better fitted for the task. Great care ought to be exercised in this matter.

Having visited the Indian reserve in my own constituency the minister will remember how far it is from one end of that reserve to the other. Just imagine—the minister will get the picture immediately—a meeting called just north of Cardston at which the Indians are going to elect a band council. How many of the Indians who dwell down

near Lethbridge are going to be able to attend that meeting? How many of them are going to be able to afford it? There will also be many Indians to the north and west who will be unable to attend the meeting, and the result will be that a great percentage of the Indians will not be able to attend. Who will be the people who will select members for the council? It will be a little group of Indians who live within three or four miles of the area just north of Cardston. That is the kind of thing which needs to be given much thought in managing Indians.

It was either the hon. member for Humboldt-Melfort or the hon. member for Prince Albert who suggested that the Indians believed that if they got the franchise they would have to give up their treaty rights. The Indians in my constituency have that idea. They are fearful that if they vote they will disqualify themselves from getting their treaty rights. That shows there should be no relationship between an Indian voting and his being independent on the reserve and enjoying his treaty rights. If we feel that the Indian has reached the point where he can safely vote, let us give him the vote regardless of whether he is a treaty Indian or not. Let there be no strings attached.

This was emphasized by the hon. member for Mackenzie, who gave a very fine talk on this matter. When the Indian becomes qualified for a job he should have a job to go to. In fact, I am beginning to think that we must adopt that attitude toward white people as well. When boys or girls are qualified for jobs I submit it is the duty of the government to see that they get jobs, even if it is necessary to create a new industry in order to provide such. I know that will be looked upon as rather extreme, but there is nothing more disheartening to a boy or girl coming out of university than to be unable to get a job no matter where he or she may go to try. If the Indians are going to be given education and training, jobs must be waiting for them when they have completed that education and training. I cannot see any way of escaping that conclusion if we are going to create among the Indians a sound morale.

The same thing is true of the goods they produce, the fish, the lumber, the furs and wheat. It is one thing for white men to compete with each other for a share of the world's markets, but it is another thing altogether for the Indian to do that. He does not possess anything like the facilities with which to force his way into world markets that the white man has.

I think that will constitute the main portion of what I have to say. There are two other matters which I think need attention, one having to do with liquor. I find a great deal of apprehension existing in the minds of the older men, those from about 45 years of age upward, regarding liquor. They want to keep liquor away from their youth.

The Deputy Chairman: I am sorry to interrupt the hon. member, but it is my duty to advise him that his time has expired.

Mr. McLeod: Mr. Chairman, I did not intend to speak on this subject at this time, but after listening to the well-prepared discourses we have heard this afternoon I feel that I have a story which I should tell in connection with the Indians in the territory which I am fortunate to represent. Incidentally, the reserve of these Indians is located within half a mile of my own home in the town of Enderby. We have heard in this debate calls for a royal commission, and we have heard details of the situation of the Indians in Saskatchewan and Alberta. We have heard the splendid plea by the hon. member for Lethbridge for the alleviation of distress among the Indians.

After listening to the details of the hardships suffered by many Indians I am beginning to think that the Indians in British Columbia are living in a pretty good part of the country. Of course I know that, and I have always preached that British Columbia is the garden of Eden. After listening to the details of the plight of the Indians in Saskatchewan and Alberta I am beginning to believe that is more and more the fact. I was surprised to hear that throughout the reserves in Saskatchewan there has been on an average one new house built per reserve during the past year. I have never gone through the reserve counting the houses, but I know that within two miles of Enderby there have been at least 25 houses built on the reserve during the past two years. They are scattered much farther afield than that. They are not just congregated in one place as a showpiece for the reserve. You can drive through the reserve and see the new houses.

As I listened to the pleas made for legislation and departmental action I wondered whether that was the answer. It appears to me that the problem is to find some way of integrating the Indian into the life of the local community. I do not mean to take the Indian off the reserve, I mean to make him acceptable to the community life of the white people in the areas adjacent to the reserve. I must admit that this is a local problem and its solution depends entirely upon the leaders in the white community who might be interested in the welfare of the Indian.

There is no doubt that the person best able to provide that leadership is the Indian

agent. I will go further and say that it is the responsibility of the department of Indian affairs to see that we have Indian agents able to give that leadership. I think we have perhaps not the only agent of that nature but certainly a young man with great vision. I refer to Mr. Hett who is stationed at Vernon. He is certainly doing a mighty fine job in building up morale among the Indians of that area and getting the co-operation of the white community in assisting him in integrating the Indian into the life of the various communities.

Of course the place to start is with the young, and the Indians are no different than the white people in that respect. Sometimes old fellows—I am not excepting some of us in the house—are not amenable to change, but if we can get this across to the young generation it will be an easy matter to instil in them a different outlook and viewpoint.

For many generations we have looked upon the Indian as a second class citizen. I attach no blame for that feeling to either the Indian or the white man, but we must get rid of that stigma, if you want to call it that, and try to make the Indian a first class citizen. In my area we have no separate Indian schools. The Indian children attend the local public schools in Vernon, Enderby, Armstrong, Salmon Arm and I believe every place I could mention. They are not even in separate classrooms. They are free to mingle in their classes, in their sports and in their studies with the white children on a common ground and on a common basis.

It may be that there are many white people, who are not prepared to accept the Indians as an equal but in most cases, especially among children, you find no difference. We also find that the Indians have their bright students and their average students and some who are not even average, but the brighter students are certainly encouraged to go on to higher education, and we have them in the vocational schools and nurses' training schools, and we even have one or two students in the university. So a start has been made in that direction toward encouraging Indians to seek higher education.

We have had no trouble in placing educated Indians in employment. I will go further and say that we have found no trouble among the Indians in regard to earning a living in the local mills and in the woods and in the various jobs open to them in the white community. There is only one complaint I have. There is one large mill in my town that will not hire Indians, for the reason that they will work only two or three days or a week and then go away. For that reason this particular man will not accept Indians, except possibly on a casual day to day labour basis. However, in the main we have Indians working in the mills and in the bush, earning a good deal of money on a scale equal to white people and building up very good homes for themselves on the reserves.

There is one other thing I should like to mention at this time. I spoke of the Indian agent giving leadership to the community or to the Indians on the reserve. Of course he cannot handle that by himself. The only way he can do that is by enlisting the support of people in the white community who are prepared to give some of their time and devote some effort to this work. I just want to tell you a little experience I had last summer. Mr Hett, the agent from Vernon, was anxious to get something started on the reserve, and a special meeting was called in our city hall. At that meeting we had the mounted police detachment—only two of them, by the way—I was at it, and also various other people of the community interested in trying to evolve some way to benefit and give a little lift to life on the reserve.

Of course at a meeting such as that there are always various ideas put forth, and at this one there were several. As a result we had some of the women and men from the town of Enderby who were prepared to devote one night a week or one night a month, as was required, to meet with the Indians and try to educate them into better ways of living. As a result we had a homemakers' club organized on the reserve. By the way, they have a very nice community hall less than half a mile from the limits of our city, and they meet there once a month. Different women from the town of Enderby attend these meetings and give hints and lessons on various phases of homemaking.

In a very short time results have been noticeable. When one drives along the roads through the reserve one sees that the washing on the line, for instance, is a little whiter than it used to be. One sees some brightly coloured curtains hanging at the windows, and one notices some painting and decorating being done on the houses. Inside the houses one will find action being taken in painting and decorating these homes. That is the result of the spirit that has been engendered in that community through the leadership of the people of Enderby.

We all know that sport is one of the greatest ways to level off the thinking of people. In that community we have Indians on the baseball clubs and on the hockey teams. Since I left there I have noted that a boxing

club has been organized in our little town. The corporal of the mounted police has offered his services to give lessons and supervise this club. I understand that among the membership are many Indian youths.

This is something that can be done by local effort; and you can build up the spirit that desires to see the Indian brought up to the standard or integrated into the white man's way of life. I think you can talk about legislation from now till doomsday but you cannot legislate these things for the Indians. They have to come through joint effort and through some encouragement from the white people. Leadership must come from the Indian agent and the white people of the communities surrounding the reserves. There are perhaps many other things I could mention, but my whole aim is to stress the point that I doubt very much whether legislation is the answer to this problem. That is the message I tried to convey to the meeting which, as I have said, was held last fall. It is up to us to remove that feeling of inferiority from the Indian and give him to understand that he will be accepted into the circles of the white man.

We have heard a little about drinking. In our province the Indians are allowed into the beer parlours. They get tight on occasion. I doubt if they get any tighter or act any worse than some of our white men. At the same time, I have not been too happy about legislation giving the Indians the right to enter beer parlours and to have liquor freely. The problem in giving liquor to Indians is that it is just one more means by which they get rid of their money, which is not too plentiful.

Many are heads of families. I happen to know quite well a family with 14 children. They have a new house, but I will grant you that it is not big enough for 14 children. The head of this household is working and makes from $10 to $12 per day. All the children of school age are attending school. They are very well dressed, too. However, with $10 or $12 per day the wife finds it difficult to provide school lunches and properly look after these 14 children, of whom I think ten are of school age. That is a problem that would be just as much a problem for a white person. However, I must say that, of the Indians of whom I have knowledge or acquaintance, they seem to be making progress in what I think is the proper way.

I would again emphasize what has been done in this area where leadership has come from the Indian agent, and it seems to be the only one we have heard about. I would say it is up to the Indian affairs branch to see that we have more of this type of Indian agent. That is where the responsibility of the department lies. I think that is something that should be studied and considered. I have no doubt that it is being given consideration, and that possibly the officials of the department know a whole lot more about what is being done in Vernon and my area generally than I do. However, this is something that should be publicized for it does show, rather than through legislation or reserve improvement, one way in which the Indian can be made part of the community life and accepted on a par with the white man of this country.

Resolution reported and concurred in.

Mr. Pickersgill thereupon moved for leave to introduce Bill No. 439, to amend the Indian Act.

Motion agreed to and bill read the first time.

PUBLIC SERVICE SUPERANNUATION ACT

AMENDMENT TO EXTEND APPLICATION, MAKE CHANGES IN ADMINISTRATION, ETC.

Hon. W. E. Harris (Minister of Finance) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Public Service Superannuation Act to extend the application of the act, and to provide further for certain changes in consequence thereof and also in connection with the administration of the act.

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

Mr. Benidickson: Mr. Chairman, as the resolution indicates, this bill is designed to extend the application of certain provisions of the act to certain persons or groups of persons who are not at present able to benefit from it. These extensions in turn call for certain consequential amendments, and in addition the bill will deal with other amendments of an administrative nature.

The principal amendment proposed has to do with the making of an election to continue as a participant after retirement under part II of the act, which provides the supplementary death benefits. It is proposed to provide a year in advance of retirement in which an election may be made in addition to the present very limited period of 3 days following retirement. A provision is also proposed which would validate elections which could not be accepted in the past since they were made just prior to retirement. Many hon. members are aware of this problem, which is a rather complicated one, and I would suggest that any detailed discussion

should be deferred until there has been an opportunity to study the amending bill.

Another major amendment proposed would repeal those provisions in the act which would have come into force on August 1, 1957, and which would have restricted the augmenting of pension credits through employment after the age of 65 on and after that date.

The other amendments proposed will, I think, commend themselves to the house as relatively minor in nature and, as I mentioned previously, relate primarily to the elimination of administrative problems. The most important of these would require that re-employed former contributors under the act on again becoming contributors would be treated like all new employees and would become participants under the supplementary death benefit scheme under part II of the act, regardless of the fact that they had elected not to participate when the death benefit scheme was introduced in the house a year or two ago.

Mr. Drew: Mr. Chairman, I think that there should be general approval of the purpose expressed in regard to the amendments mentioned in the statement just given to the committee. However, I would strongly urge that the opportunity be taken to deal with a subject which goes much farther than the amendments now proposed and involves an improvement that I think is greatly needed in connection with the Public Service Superannuation Act. I mention that because while we are in the committee stage we are simply dealing with the desirability of introducing a measure to amend the Public Service Superannuation Act and to extend its application. For that reason it would be possible to redraft the bill, if it is in final drafted form, to include any suggestions that may be made. So it is appropriate on a motion of this kind to indicate the nature of amendments not already mentioned but which, in the opinion of many hon. members, could and should be included.

In the statement just made it has been indicated that the legislation is designed to extend the application of the present act to certain people to whom it does not now apply. It is also intended to provide a wider opportunity for election under the act. It seems that the remainder of the amendments are largely for the purpose of facilitating administration.

I believe the time is long overdue in Canada for an amendment to the act which will recognize the severe hardship being suffered by many former civil servants, members of the armed forces, former members of the Royal Canadian Mounted Police and others whose pensions were fixed at a time that the dollar was worth a great deal more than it is today. What I have to say does not of course apply to the disability pensions for service veterans, because consideration is given to them under another act.

I would point out, however, that it must be well known to all hon. members that there are men and women who gave long years of faithful service either in the civil service of Canada, as members of the armed forces, as members of the Royal Canadian Mounted Police or in the related services, whose pensions today, with the present value of the dollar, are hopelessly inadequate to meet the minimum demands of decent living. When this subject has been discussed on other occasions there has been some tendency to suggest that the amount paid was in the nature of a contract. There is the suggestion that it would be a practical impossibility to review the whole field of pension payments in these categories. I suggest, however, that we should consider the reasons for which these pensions were established.

It is recognized that those in the civil service, in the armed forces, in the Royal Canadian Mounted Police and in other similar services are not paid as much as people of similar skill, devotion to their task and general ability might earn in private occupations. The pension has been regarded as something that will make it possible for them to live in modest decency in the years of their retirement after the active period of their service. Actually the date of retirement may be a fairly early one. For that reason we must consider this matter as an obligation of justice. Their pensions were fixed at a time when doubtless, in many cases, they were adequate to meet the demands of the principle upon which they had been established. It seems to me that this is a question of justice to those who have served their country well. In making the suggestion that there should be a review and that there should be amendments to the superannuation act at this time, I am not making any suggestion that is impractical or that is in any way beyond the ordinary considerations of government.

I would point out that similar consideration has been given to this problem in both the United Kingdom and the United States. To take the United Kingdom, where the parliamentary system is similar to our own and where the form of service may be more similar, I would point out that there have been a number of acts increasing the pensions payable to people in the categories I have mentioned as well as to others.

As evidence of this I merely give the fact that in 1920 an act was passed known as the Pensions (Increase) Act, 1920. Again there was the Pensions (Increase) Act of 1924. Then there was the Pensions (Increase) Act of 1944. Later there was the Pensions (Increase) Act of 1947. Later still there was the Pensions (Increase) Act of 1956, which came into effect on April 1 this year. In the Pensions (Increase) Act of 1956 the increase of pension embraced 20 different categories. It would perhaps naturally embrace a wider number of categories in the United Kingdom than it would here in any event, because of the fact that with a single government there, a number of services that would fall under the provincial governments in this country fall under the central government there.

The amounts of the increases have varied. This year they have varied in accordance with the amount of the pension payable, and it is not a rigid pattern. At the time this bill was before the House of Commons in the United Kingdom I find the statement of the financial secretary to the treasury, Mr. Henry Brooke, as reported at page 585 of British *Hansard* for February 23 of this year. During the course of those remarks he had this to say:

> What we have to do is to take into account a total body of about 600,000 pensioners, who have retired after different kinds of services, with different kinds of pension, at different times over the past 30 years and more. What matters is to do justice, as far as possible, among all those individuals. One has to discard the idea of a simple, new scheme as soon as one discovers that whatever scheme of that kind one can devise, it will do justice that is too rough to be called justice at all.

Mr. Brooks then went on to explain the system that was being adopted, and later in the same day he explained:

> The fact is that the earlier acts have given a much greater percentage increase the smaller the pension.

That practice has generally been followed. Nevertheless there has been a general review in the United Kingdom of the whole problem of pensions fixed years ago, at a time when the value of money was a great deal more than it is today in terms of the same units. That bill passed this year was one of a long series, as I have indicated. It shows that it is an accepted part of their practice in the United Kingdom to attempt to deal with this subject on the basis of justice which relates to the duty to give to those who have served the country in various capacities a minimum decent living standard in keeping with their place in the community.

I would point out that this principle has been accepted by three different parties in Britain. It was accepted by the Conservative government which passed the act this year; by the coalition government in 1944; by a Labour government since then; and in earlier years by a Liberal government. Therefore in the United Kingdom no argument is presented that any cold, contractual basis should limit the amount payable to those elderly citizens who have given fine service to the country and whose pensions were intended to give them a minimum decent standard of living.

Mr. Chairman, as I have a few more remarks to make, although not extended ones, it might perhaps be well if—

The Chairman: Has the hon. gentleman unanimous consent to proceed?

Mr. Drew: I think it would perhaps be just as well, Mr. Chairman, if we called it six o'clock and I continued briefly at eight o'clock.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Mr. Drew: At six o'clock I was speaking on the efforts that have been made in the United Kingdom to deal with the problem of pensions to civil servants, to members of the armed forces and others on the basis of the changing value of money, and I had given references to the acts which had been passed there to deal with that tremendously important problem. I did so merely to indicate that this is not a theoretical suggestion in any way, and I proposed that the act here be amended to take care of the situation with which we are confronted in this country.

I would like also to point out that in the United States which it is true has a different form of government, they have dealt with this same problem and on different occasions have made changes to bring the pensions in some way into balance with the changing value of money. In doing so they have recognized that this is not something which can be regarded merely as a contract for a fixed amount of money, but that what we have in mind is a decent living standard for people who have served their country in one public capacity or another. In 1930 they passed an act which provided for an increase of annuities and again, in 1955, they made certain changes in the earlier statute. I quote from page 4750 of what is described as the

United States code, congressional and administrative news, which covers the laws passed in the United States during 1955. I see that at page 4750 it says:

> As will be seen from the schedule, the formula favours the low-annuity individual who most needs the increase.

Nevertheless, I find that in the United States laws, as well as in the laws passed in the United Kingdom, an attempt has been made to examine the whole situation and find, on the basis of justice, what would be a fair, decent and reasonable minimum standard for those who are dependent upon the pensions paid in this way.

I submit, Mr. Chairman, that when we find in the United Kingdom, which is under a similar system to our own, and in the United States, which is under a different system but which is so close to us geographically that they have dealt with this subject in the way they have, we should be prepared to deal with it here. I think it must be known to many hon. members that there are many people, who gave long years of devoted service, who are living in the most severely restricted conditions today and in fact are living in conditions that we should not feel to be satisfactory for those who have given long years of public service. I do think that in the amendments now proposed some steps should be taken to deal with this subject. I believe that as a first step a uniform percentage increase should be agreed upon. However, I think it is essential that the whole subject be examined both in regard to the time at which the pensions were granted and the years of service that were given.

Even a uniform percentage would deal to some extent only with the problem with which we are confronted. Many of the people now with no other resources than the pensions of this kind which they receive had those pensions established at a time when the dollar was worth a great deal more than twice which it is worth today. Others received their pensions at a later date. It would seem that there are variable factors which must be taken into consideration.

I do not wish to leave the impression that I am in any way suggesting we should hand over the responsibility for examining things of this kind to bodies other than representative bodies of this parliament; but we all know that there are occasions when a royal commission, which can proceed without any problem of the period during which parliament is sitting or otherwise, can perform services which are extremely helpful. Those who sometimes speak in critical terms of royal commissions forget how many useful achievements there are which can be directly attributed to the recommendations of royal commissions in this country.

The same is true in the United Kingdom; the same is true in each of the nations of the commonwealth which has a similar parliamentary system. It would seem to me that in this case it is not only desirable and expedient that a measure to amend the Public Service Superannuation Act be introduced for the purposes mentioned earlier in the discussion today, but also that this amending bill make some immediate provision for the people who are in dire need at this time in the face of the very real measure of inflation which has taken place here and elsewhere.

Then I suggest that this whole problem be examined by a royal commission, which could sit without interruption and could examine the scale of pensions that were granted at different times and make recommendations to us as to the way in which this very real and very human problem could be dealt with.

The suggestion is sometimes made that we abdicate our responsibilities when a royal commission is appointed to inquire into matters of this kind. That certainly is not so. A royal commission can only make recommendations, nothing more. It is then for parliament to decide what will be done in regard to the recommendations made. In this case the advantages of a royal commission would be that it could start its sittings as soon as it had been appointed, and could continue to hear evidence and examine the various aspects of this problem and then be prepared to make an appropriate recommendation which could be given due consideration whenever the next session of this parliament or a succeeding parliament meets.

In any event, whatever course is adopted I do wish to emphasize this fact which I am sure is known to many hon. members. There are many devoted public servants of other years who are living under most unsatisfactory conditions today because the pensions which were established in those earlier days are so inadequate for their requirements now.

I have made these recommendations at a time when the bill is not finally before us. It is open to the government to reconsider the exact wording of the bill that will be brought forward following this resolution. In view of the fact that this has been dealt with on numerous occasions over succeeding years by the parliament of the United Kingdom, and in view of the fact that it has been dealt with under similar principles by the congress of the United States, where living conditions are in many ways similar to our own, I urge that justice be done to those senior members of our civil service, our armed forces, our Royal Canadian Mounted Police and other

similar servants so we may have the feeling that those who serve Canada well are at least receiving justice in this way.

May I suggest, without any thought other than the fact that the problem of maintaining the strength of this or any other country depends so much upon the civil service and the other services I have mentioned, that perhaps this is the day when we might most appropriately consider our responsibility to those who can only look to us for the measure of justice to which they are entitled.

Mr. Nicholson: Mr. Chairman, I am sorry that the hon. member for Winnipeg North Centre is absent in his constituency.

An hon. Member: We do not share your sorrow.

Mr. Nicholson: He is observing the birthday of our country in his constituency. I am sure the members of all parties appreciate the outstanding work the hon. member for Winnipeg North Centre has done throughout the years with a view to improving working conditions for civil servants generally. He has done a great deal for them and for superannuated civil servants.

Mr. McIlraith: He has not done anything for them; not a thing.

Mr. Nicholson: In the first place I want to associate myself with the Leader of the Opposition in paying tribute to the quality of the civil service generally. I think the Minister of Finance particularly must be constantly aware of the problem of securing and retaining in the public service the best available people in the country in view of the tremendous competition offered by private enterprise.

I have before me a sessional paper which gives the names of the lawyers who have been employed by government departments and the legal fees and expenses paid to them. This return runs to over 100 pages, and I cannot but contrast the fees paid to a very few lawyers across the country with the salaries we pay to the lawyers who are in the cabinet or who serve with various government departments. I am sure the Minister of Finance himself finds it embarrassing at times to be negotiating with some of the top people in the Canadian financial world and to have to admit that the Minister of Finance receives an amount which is very small compared with the returns offered by the large financial corporations in this country.

I realize I cannot go too far in pressing this. Last year when the superintendent of insurance had performed an outstanding piece of work I suggested that when increases were being considered he should be kept in mind for an increase. One of the daily papers which circulates in my constituency drew attention to the salary he was receiving. Certainly it is not too easy to explain to farmers who are hard pressed why a farmer member should be advocating higher salaries for people who to them appear to be receiving fairly adequate salaries, but I think we should all agree that working in the public service of a country like Canada should rate high, and that those who are asked to make a career in various government departments should be given salaries while they are working and pensions when they are too old to work which will compare favourably with the returns which are available in other sectors of our economy.

I would like to stress particularly the point which the hon. member for Winnipeg North Centre has made again and again concerning the large number of civil servants who have been forced to retire on pensions which might have appeared adequate when they started with the civil service 30, 40 or 50 years ago but are quite inadequate today. I am not like some members of parliament who stay in plush Ottawa hotels when they come here; my returns do not allow that. On three different occasions I have had a room in the homes of retired civil servants. I think it would be a good thing if more members of parliament would place themselves in positions where they can observe retired civil servants living in the city of Ottawa.

An hon. Member: You retire and we will all be satisfied.

Mr. Nicholson: I did not hear that. Would the hon. member stand up? I would appreciate having him say it so I can hear it.

When the hon. member for Winnipeg North Centre discussed this question on April 16, 1953, he pointed out that of the 10,572 retired civil servants, 1,468 were on a pension of less than $60 a month and there were 312 on a pension of less than $20 a month. The figures for widows of civil servants, who numbered 5,123, showed that more than half or 2,766 were on a pension of less than $40 a month, and 942 were on a pension of less than $20 a month.

There is a new Minister of Finance since the hon. member for Winnipeg North Centre discussed this question; Mr. Abbott was the minister at that time. I am sure the present Minister of Finance will want to give careful consideration to the representations I am making before the bill is finally presented.

I notice that when Bill No. 334 was before the banking and commerce committee in April of 1953, Mr. Whitehouse, president of the Civil Service Federation of Canada, was called as a witness. In answer to a question

as to what other countries had done about the position of retired civil servants who were caught by inflation he was able to advise the committee that in the United Kingdom, Australia, New Zealand, the United States and some parts of Canada something had been done. Later, upon being questioned, he admitted that Saskatchewan was the one part of Canada where some provision had been made so that retired civil servants who found themselves with pensions of $40 or $60 a month would be put in a better position.

I submit that this is a domestic problem that the Minister of Finance and his experts can solve without any serious repercussions on our economy. It is very annoying for this large group of our retired civil servants to read articles in newspapers such as the one which appeared in the Toronto *Telegram* on June 27 of this year. This is a story written by Arnold Agnew from Ottawa and it is headed: "3 Months' Profits Hit $728,000,000—See Huge Surplus". The articles reads:

> Corporation profits soared to an estimated $728 million in the first three months of this year, an increase of 28 per cent over the same period last year, dominion bureau of statistics figures show.
>
> The increase in profits before taxes amounts to $158 million. Income tax liabilities for the first quarter were estimated at $321 million, an increase of 23 per cent over last year.
>
> The figures bolster predictions that the dominion treasury will find itself with a huge surplus at the end of the year.

Then the last dominion bureau of statistics weekly bulletin had this to say about the gross national product:

> Canada's gross national product rose during the first quarter of 1956 to a level equal to an annual rate of $28·3 billion, about 6 per cent above the annual average for last year and nearly 11·7 per cent above last year's first-quarter level. The quarter's rise reflected mainly a further rise in the physical volume of production. The output gain was concentrated in mining, forestry, construction, transportation and other service groups; manufacturing was little changed from the last 1955 quarter.

If the gross national product can go up 11·7 per cent in the first quarter of this year as compared with last year, and if corporation profits can go up 28 per cent for the first quarter of this year as compared with the first quarter of last year, I see no reason why the Minister of Finance cannot before proceeding with this legislation review the matter and bring in the necessary provision so that the large number of civil servants who retired on the assumption that the bond of the government of Canada was as good as gold and that the cheque they would receive in the evening of their lives would be adequate, should have further consideration.

On April 16, 1953, the hon. member for Winnipeg North Centre when discussing this matter pointed out what had been done in the United States in 1948, when an act of congress was passed which increased the pensions of retired employees by 25 per cent or $300 a year, whichever was the lesser figure. If the United States in 1948 could provide either an increase of 25 per cent or $300 a year, whichever was the lesser, I am sure we could do the same thing in 1956. In 1952 a further increase was granted by another act of congress. As an example of how those two pieces of legislation worked out, a superannuant who was receiving $1,000 per year was increased in 1948 to $1,250 and in 1952 to $1,565.50. I ask hon. members to remember those figures, an increase of over 50 per cent since 1948. The figure for 1948, $1,000, increased to $1,250 and to $1,565 in 1952. I think the same thing is physically possible on the Canadian scene.

I might mention in passing that apparently it is not too wise a political move for any member of parliament to cast reflections upon these most reasonable representations. I notice that one of the few members who was critical was the former member for Regina, Dr. McCusker. It is significant that he did not come back to Ottawa after the election. Of course there were other factors involved, but I think the fact that he was not able to make out a good case when this bill was before the house indicated that it would have been better for him if he had kept quiet.

Some time ago the Department of Labour produced an interesting study having to do with older workers. I think at this stage the minister should be prepared to give consideration to the large number of people who have retired but who are unable to have that standard of living which the economy of Canada could provide for all its citizens. The statistical branch of the Bank of Canada has presented some alarming information with regard to consumer credit in Canada. Since the beginning of 1951 when these figures were first compiled up to the end of 1955 the increase has been most alarming.

It is only natural that in the Canadian economy when there is such a wide variety of goods in our stores and when there are such a large number of people who are not getting salaries or pensions large enough to buy those goods, many would be encouraged to go into debt. We certainly are not going to be able to solve the economic problems of Canada by encouraging our pensioners or those who are not on pensions to go in debt to the storekeeper, to the finance company or to the bank in order to get consumer goods.

I find that in the United States there is a great deal of concern about this same trend. Large numbers of people are unable to pay

for the things they want out of their current wages or pensions and are going into debt. I notice the total mortgage and consumer debt in 1955 stood at 46·8 per cent of the disposable income, a rise of 5 per cent over 1954. It is pointed out that in 1929, a wild year by older standards, the percentage was only 31·4 per cent. It would appear from this increase in the United States and Canada that the Minister of Finance and the experts in his department should give careful consideration to this large sector of our Canadian people whose wages or pensions prevent them from having their share of the goods which are available.

To be specific, I feel that the minister should be prepared to bring up to date the figures given on April 16 by the hon. member for Winnipeg North Centre. At that time there were 1,052 retired civil servants who were finding it impossible to enjoy the standard of living to which they thought they would be entitled upon finishing their work and going on pension. I submit that provisions should be made similar to those which have been made by the United States, the United Kingdom, New Zealand, Australia, the province of Saskatchewan and a good number of private organizations in Canada.

Mr. Low: Mr. Chairman, I do not think it is necessary at this stage of this measure to say too much because we do not know what there will be in the bill. I understand the minister made no statement to introduce the resolution.

Mr. Harris: My parliamentary assistant did.

Mr. Low: I think it would be more desirable to have the bill in our hands before we make too extended remarks about it. However, I should like to add a word to the comments which have been placed before the committee by the Leader of the Opposition and the hon. member for Mackenzie.

It is only parliament which in the final analysis can provide a just measure of security for our civil service both by way of salary and superannuation. As has been said, they look to us, and I think it is essential that we give the most earnest consideration to the position in which civil servants find themselves and do what we can, not only to attract the best possible men and women to the service but to see to it that the level of their salaries and superannuation is such as will give them the measure of security to which they are entitled.

I have been somewhat critical of some of the competitions which have been advertised and notices of which we find so frequently in our mail boxes. In my judgment the salary schedule is ridiculously low in many cases when one considers the qualifications and experience required before a person can qualify for the position.

There was a time when it could be said that it was desirable to get a fat civil service job, but I am afraid now there are very few such, except perhaps at the top, and even then they are not too fat. I am afraid that we are not competing successfully with private industry. I think we are going to lose such people to private industry, and unless we become much more realistic about both salary schedules and superannuation arrangements we shall find ourselves very largely with second rate people in the civil service.

Now I should like to say just a word about the matter raised by the hon. member for Mackenzie, about the retired civil servant who found himself ten or 15 years ago on what was then considered a fairly good level of superannuation, one which he thought would provide him with some security for the rest of his life. Since then the value of the Canadian dollar has been allowed to decline seriously until its value is little more than 50 per cent of what it was in 1939. As a consequence the superannuant finds himself in the position that he has not half enough to take care of his needs during his declining years.

Now he is in a desperate position. It was not his fault that the dollar lost its purchasing value. He therefore can say, "I looked ahead; I did the very best I could to provide myself with security for my old age. I put up dollars that would purchase a dollar's worth, but I got back dollars that will purchase only 50 cents worth. Consequently I have to look somewhere for justice. I have to do something to supplement this meagre income; otherwise I simply cannot live." Many of them cannot find work. They are told they are too old to work.

May I point out there are two sides to this whole question. There is the humanitarian side. We owe it to those old civil servants, who gave the best years of their lives to the public service, to see to it that the dollars they get back under their superannuation schemes are equal in purchasing value to the dollars they put in. I think that is only right. That is the humanitarian side, because they need the security they have purchased. It is not their fault that they are not getting it. Somebody else has fallen down; the managers of our system and of our money policy.

There is another side to it, and that is the business side. From the point of view of stabilizing our economy it would be desirable to make provision for these retired civil

servants to have a better scale of pensions right now. It can be done; there is no question about it. I draw the attention of the Minister of Finance to the fact that last year we produced in this country $26,600 million worth of goods and services. In the course of producing that quantity of goods and services we distributed to the people of Canada over $24 billion worth of purchasing power in all forms. There was a deficiency, and that deficiency was made up very largely by the people of Canada running charge accounts, buying on instalment credit and borrowing from the banks or the personal loan companies and so on in the form of cash personal loans in order to satisfy their present needs and wants. We forced the people of Canada to borrow to the extent of $2,600 million last year in all those forms I mentioned, just in order that they could consume what they laboured so hard to produce.

That situation is more or less true each year. It would be a better stabilizer to our whole economy if the incomes of the people of Canada were more nearly equal to the value of the goods and services we produced, if we could see to it that purchasing power gets into their hands so they could buy what we produce without forcing them to go to the loan sharks to do it. We are forcing them to do that. Many of them are paying as much as 24 per cent a year to get the purchasing power with which to buy the goods and services that go begging for sale. That is not a good sign. That is not a stable, sound economy. I say that, entirely aside from the humanitarian aspect of this whole business, the Minister of Finance ought to see to it that these retired civil servants are given a better show for the dollars they put up to buy their superannuation. When he does, then our economy is going to be much more stable, we are going to bring our purchasing power more nearly into balance with our production, and our economy will be stronger and better for it.

So I suggest to the minister that what was said by the hon. member for Mackenzie is perfectly true. Canada can afford it. Canada cannot afford not to see that its old retired civil servants get a decent show. There is no reason in this world why they should continue to subsist on dollars that will buy only 50 cents' worth. I say it is high time that we in this parliament gave them justice; and only we can give them justice. I am going to leave it at that until the bill comes in.

Mr. Richard (Ottawa East): I should like to say a few words on the Public Service Superannuation Act. As you know, Mr. Chairman, we in Canada have the most loyal and efficient public servants of any country in this world. We have been blessed by the fact that throughout the years, whatever government has been in power, we have had a wonderful staff of civil servants throughout the country. That places us in the position of having to deal with them fairly, equitably and most generously. I have always said that in any country the best employer should be the government, and I am proud to say that the government of Canada has the reputation of being the best employer in this country.

I have no quarrel with the superannuation act as it stands today; and no doubt unless conditions change gravely those who have been receiving pensions for the past few years and for many years to come will have an adequate superannuation. But my plea, as it has been for many years in the past, is for those who had already begun to receive pensions before 1950, and for those who receive small pensions in any case.

Dealing with those persons who received pensions before, say, 1950, it is true that many of those pensions are substantial. But in any event those pensions, as has been stated, do not provide the expected results for those who contributed for some 30 or 35 years before they were put on their pensions. I would say that even for these people a small percentage, at least, of increase should be allowed in any plan affecting pensions already in force.

But my real plea is for those who have low pensions. Low pensions arise for many reasons, one of the main reasons being the fact that the people were on low salaries before the war years, and pensions based on those low salaries are very low indeed in 1956. Many people are suffering real hardships because of those pensions. But there are other people who are suffering and who will suffer because of low pensions. They are the people who have had to retire on account of sickness after a few years in the civil service. They are the people whose positions are abolished through no fault of their own. There are also the people who, because of certain unfortunate conditions of life, have to retire before they have completed 35 years of service.

If the pensions of any in these groups are below what is enough to provide them with a normal existence, with the result that they become a charge on others in the community or have to live a very meagre existence, then I say it is the duty and responsibility of parliament to see that those who were our former employees receive some

additional benefits. This is not something that can be settled without proper study. I think the whole matter should be studied by whatever authority the government chooses, but it should be a body of qualified people who have had experience.

All these conditions I have mentioned previously should be studied, the conditions of life of the people who have low pensions, the conditions of life of the people who have retired because of illness or because of the abolition of positions. These conditions should be studied so the government and parliament will be able to see to it that those who were formerly employees of this country do not suffer for the lack of suitable pensions.

The answer is always given that those not formerly civil servants who are depending on pension or investment plans do not receive bonuses, but the conditions are different. Any person who joins the public service must come under the pension plan. He has to contribute to the plan. The government is already a partner in the plan, and much more than an equal partner so far as contributions are concerned. In the past few years the government has contributed $125 million or more to subsidize the fund. We have accepted the principle that we are backing the fund. If we can accept that principle, then I think we can also accept the principle that this time we are going to create a fund once and for all to support those who have been let down by the changes in salaries and the new plan of superannuation introduced some years ago.

I therefore urge that the Minister of Finance give this matter a great deal more attention than it has been given in the past. I think it is a matter of justice, a matter of fairness, a matter of equity, and it is also a question of being humanitarian. I hope the day will come when we can say there is nothing wrong with the conditions of employment of civil servants in this country.

Mr. Green: Mr. Chairman, the discussion on the resolution stage preceding the introduction of a bill gives one the opportunity to make suggestions as to what should be included in the bill, and this evening I should like to deal with two points. In the first place, there is the question raised by the Leader of the Opposition, which has also been dealt with by spokesmen from each of the other parties.

I believe the time has come when the government should take some action. I remember it being raised first in the session of 1949, I think it was, and every year since that time the same thing has been pointed out to the government. However, we have been brushed aside each year primarily with the argument that a contract had been made, that these civil servants knew what they were doing when they paid into the superannuation fund, and that the contract could not be changed now.

I submit that is not an answer to this problem. It has been found to be no answer in the United Kingdom, the United States, some of the Canadian provinces and in the case of the Canadian Pacific Railway and many other private firms. I have here a letter from the superannuated federal civil servants organization of Vancouver written this year after checking the situation in other countries and with other organizations. They have this to say:

> All countries that we have been able to contact have increased superannuation benefits to all those who were retired on the basis of pre-inflation salary rates, on humanitarian grounds. Two we might mention, namely, Great Britain and the United States, have given several increases to this class, and as recently as October 1, 1955, the United States have provided its fourth increase to the amount of 12 per cent to those receiving $150 per month or less and 8 per cent to those over $150.

I believe the organizations representing civil servants now in the service have urged from time to time that something be done to assist the superannuated civil servants, and surely the time has come to do something about it. Members of parliament have improved their own position on more than one occasion since this need was first pointed out, yet nothing has been done to help those retired civil servants. It really gets down to the basis of what it costs to live; and it costs a man who retired ten years ago, or his widow, just as much to live as it costs a civil servant retiring in 1956. I hope that in this bill or in other legislation the minister will make some provision to meet this situation.

The other point I should like to draw to the minister's attention has to do with the position of a widow who happens to be more than 20 years younger than her husband. Section 13, subsection 4, deals with that situation and reads as follows:

> Notwithstanding anything in this act, the amount of any annual allowance to which the widow of a contributor may be entitled under this act shall, if the age of the contributor exceeded that of his widow by 20 or more years, be reduced by an amount determined in accordance with the regulations.

I suggest that a provision of a little different type should be placed in the act to cover that situation. When a civil servant has been married for a period of 25 years, let us say, it does seem to me pretty severe treatment, when he dies and his widow happens to be over 20 years younger, that

her pension should be reduced. Surely the way to go at it would be to say that if he had been married for 10 years or 15 years, then the widow would receive the full amount payable to other widows. But this section is so worded that if the man happens to marry a woman over 20 years his junior she cannot qualify for the full widow's pension.

I suggest to the minister that is unfair and should be remedied. I have no doubt that there would be a comparatively small number of cases which would come under that provision, but I happen to have run across one where the widow, although she was over 20 years younger than the civil servant, was nearly 60 when he died and she has had her pension cut drastically as a result of that particular section. Apparently they did not realize that there was any such provision in the act, and kept on making payments expecting that in the event of his death the widow would get the same payment as any other widow. I hope the minister will look into that particular situation as well and that perhaps something can be done about it at this present session.

Mr. McIvor: I should like to ask the minister a question. If these superannuated civil servants are not now getting enough to live on, can they claim benefit under the act passed last week under the sponsorship of the Minister of National Health and Welfare?

Mr. Regier: Mr. Chairman, in the main I endorse the requests that have been made by members in all parts of the house. I also look forward with eager anticipation to the introduction of the bill which we all, I am sure, hope will offer some measure of relief to these people in need. However, at this point, I should like to emphasize the point that simply an interim award, welcome and necessary though it may be, is not to my mind at least a solution to the problem.

The hon. member for Winnipeg North Centre has over a goodly number of years helped to emphasize to the government and to the public at large the dire need in which many of our retired civil servants live, in that he has called for the production of returns showing the vast number who are obliged to live on incomes that are below the level of decency. However, I also have in mind the various references that have been made from time to time in this house by the hon. member for Winnipeg South—I regret that he is not here this evening—in which he has attempted to show the government that it must bear the responsibility for the decreasing purchasing power of the pensioner's income.

I realize full well that in private industry the worker working for a company pays a share of his wages; that the company usually matches that share; that this money is laid aside in a pension fund; and that the pension payments purchase a definite and fixed retirement allowance. Maybe not too much can easily be done with this matter. A year ago—it is almost exactly a year ago, Mr. Chairman—I asked the Minister of Finance whether any research had been done on the subject of ensuring to pensioners a pension commensurate in its purchasing power with the pension they had been purchasing through their working years. The minister's reply was to the effect that if he knew the answer to that question, he would be the most renowned minister of finance in the world. However, I should like to point out to the Minister of Finance that there are in the world places where there is recognition of the decline or rise in the value or the purchasing power of the pension dollar. Other governments have made attempts to meet the situation.

As I said before, maybe not too much can immediately be done with the pensions of those other than civil servants. However, at this time I should like to point out to the government that even toward these people the government has a responsibility because the purchasing power of the Canadian dollar—hence the standard of living that the pension will provide—is a direct result of the monetary and fiscal powers of the government of the Dominion of Canada. I therefore feel that even in that case they cannot shirk their responsibility.

However, when we come to speak of the superannuated civil servants, I am unwilling to agree with the hon. member for Ottawa East when he calls this government a model employer in the Dominion of Canada. I think nowadays it is one of the worst employers in the Dominion of Canada. I feel that it is only the public spiritedness of the civil servants that enables us to carry on the proper functions of government in Canada. One has only to look at the salary offerings of the civil service commission in order to realize that the government of the day is not by any means a model employer in Canada.

However, I see little need for this government not being able to tie the superannuation allowance to retired civil servants to the actual cost of living. I think that in the case of civil servants, the whole idea of a certain percentage of wages being deducted and the government matching the contribution is unnecessary and is a needless exercise of government red tape and expenditure. I have known of various pension schemes that depend for their reliability on

the government guarantee. If governments in Canada can do that with respect to other pension schemes—I have in mind the teachers' pension schemes in several provinces in Canada, where the contribution of the government consists only of a guarantee to maintain the solvency of the fund—I feel that this government, because it is a continuing institution and not like any private company, apt to disappear from the scene or its solvency to disappear, could adopt the principle that it will pay to its retired civil servants a superannuation allowance that bears some relationship to wages actually being paid from year to year in the particular line of employment from which the civil servant was retired.

I think this procedure would save an immense amount of money. I believe the minister will be obliged to agree that the present civil service retirement scheme is a matter of bookkeeping entry only. The civil servant receives 5 per cent or 6 per cent less salary and the government matches the contribution. However, the money is retained by the government anyway. I therefore see no need for these deductions and these contributions. Let the government contribution be a certain fixed percentage of the wages for that type of position for the year in question. If that were done I think the government, at least for those retired people who were its former employees, would be meeting the difficulty of the fluctuating purchasing value of the Canadian dollar.

Mr. Dinsdale: Mr. Chairman, according to the statement of the parliamentary assistant this afternoon the purpose of the legislation to be brought into the house is to extend certain provisions of the Public Service Superannuation Act to persons not already included under the act. Along with the other members who have spoken today, I support that desirable objective. Recent amendments that have been made to the act generally have had the same purpose, namely to make provision for those who have been inadvertently omitted from the benefits or discriminated against.

I rise tonight to bring a specific type of omission to the minister's attention. We have had some correspondence on this matter, but I rise at this time because I feel that we have not been able to adequately communicate by means of letters, and I believe that if we can talk through the Chair man to man across the chamber we might come to a better understanding of the point I have in mind.

One of the problems with the Public Service Superannuation Act was the inability in earlier times of employees moving from another type of employment to the public service to carry their benefits with them. Some time ago that defect was remedied by a suitable amendment which comes in section 5 (1)(b)(iii)(B) of the superannuation act, which says:

> Subject to this act, the following service may be counted by a contributor as pensionable service for the purposes of this act, namely,.... any period of service in pensionable employment immediately prior to becoming employed in the public service, if he elects, within one year of becoming a contributor under this act, to pay for that service.

I feel, Mr. Chairman, that that was a very important feature to introduce into the Public Service Superannuation Act. Obviously it placed this particular benefit of the public service in a more attractive light before those who were interested in serving Canada this way. Certainly it made it possible to attract more qualified people, people with experience acquired in various private activities, various private industries in this country, into the public service. However, the point I wish to raise, Mr. Chairman, deals with an omission that I feel is inadvertent but at the same time is a very important omission in the act.

The problem has come to my attention because of a specific instance, but I am not going to deal with any specific instances tonight. I want to deal with the broad general principle and category. According to the interpretation of the section I have read which allows pensionable benefits from other periods of occupation to be carried over into the public service, this provision does not include Canadians who have interrupted their work experience in order to pursue some form of study. I have had specific rulings from the chief of the superannuation branch in this regard, who lays emphasis on the fact that because the former period of occupation in other than the public service was interrupted by a period of study it eliminates the person concerned from the benefits of this part of section 5.

In other words the emphasis is placed on the words "immediately prior to becoming employed in the public service". I feel that the difficulty arises from a lack of communication, from a lack of understanding of the problem, and I have had that feeling confirmed by a letter I received from the Minister of Finance on May 4. In this letter the Minister of Finance points out that section 5 to which I have referred broadens the scope of application of the superannuation act to this particular category with which I am dealing. He points out the benefits arising from it. Perhaps I had better quote it

so we can have the words on the record. The letter says:

> The introduction of the principle of making it possible to count service with another employer was done on the grounds that a person should not be penalized on entering the federal civil service by giving it up completely.

This is benefits from previous employment. I continue:

> The section in the act to which you refer—

That is section 5.

> —makes it possible for such a person to pick up this service. This is a particularly important factor in the case of persons over the age of 30 to 35 who would have very little prospect of serving the period of 35 years in the federal civil service which would provide the maximum pension and who would otherwise feel that they were giving up too much to leave their other employment.

I agree entirely with that. I think it is a very desirable objective. The minister continues:

> If one were to go beyond that criterion and permit the counting of time spent gaining experience which improved the qualifications of an individual, it is hard to know where the dividing line could be drawn. While you suggest postgraduate training of university graduates, others would suggest other occupations where the employment did not qualify as pensionable employment yet it improves that employee's qualifications.

That is the end of the quotation. Here, Mr. Chairman, I feel is where I fail to communicate with the minister because he uses the the words, "others would suggest other occupations". Now, I do not think I have to point out that a student at the graduate level who is pursuing a course of studies cannot be regarded as being in a remunerative occupation. He is not occupied in the normal sense of the word; he has no employment. As a matter of fact, because of the lack of suitable adequate financial support in this country, because of our deficiency in bursaries and scholarships, most students pursuing graduate work find that they have to finance on the proverbial shoestring. They have to borrow and go into debt in order to pursue their particular line of interest and, unfortunately, many of them have to take advantage of the more generous bursaries and scholarships offered across the line. They carry on their graduate studies there and are inevitably drawn into the more lucrative job opportunities and are lost to Canada.

I think this use of the word "occupation" by the minister suggests a fundamental misunderstanding of the point I raised. I do not think it can be supported that a student is gainfully employed. In some respects the minister recognizes this point, because I understand there are provisions in the act—I cannot quote the particular section—which make it possible for a person already employed in the public service to obtain leave of absence for further study, for further instruction in his particular professional category. He is not penalized in any way shape or form for that period during which he is absent from his duties as a civil servant and is operating as a student. It is recognized that he is not employed; he is improving his qualifications so he might better serve as a servant of the public when he returns to his position.

The narrow interpretation of the act which disqualifies students who have come from any occupation other than the public service is a particularly discriminatory one to students who are moving from the teaching field into the public service and in order to do so have to continue studies of some kind. I say that because it is a well known fact that teachers are in a depressed salary category right across this country. A good many students who because of the scholarship and bursary deficiencies have to interrupt their work leading toward a Ph.D. and who take on teaching responsibilities in order to get sufficient funds to complete the work are further discouraged because of this unfortunate narrow interpretation of the act. They teach for three, four or five years, until they have raised the necessary funds, and they contribute to the teachers' pension scheme during that time. Then they are able to carry on for an additional two or three years in order to complete their Ph.D. and finally they are in a position to offer themselves to the public service. Because of this interpretation they do not get the benefit of the period of service they have put in as teachers, and it means just one more further discrimination against the teaching profession in this country which is already discriminated against from a salary standpoint.

I consider this is a very important point, and it can be dealt with quite simply by merely specifying that bona fide graduate students—and it is easy to get certification from the universities concerned—should be regarded as moving directly from previous employment to the public service without having their period of study counted as an intervening occupational period. I say it is important because Canada is in the position where she must offer every encouragement to her young people to qualify themselves to the utmost in the various professional areas of service in Canada. We have it drummed into us continually from various sources that we are short of trained personnel, that we need Canadians with the highest qualifications. I would suggest that if we ceased to discriminate against students in this way and to deny them the benefits which should be given under the section that has been under discussion during these few moments, it would

assist immeasurably in encouraging these students to return to Canada and offer themselves for service here particularly in the public service, rather than staying south of the line and offering themselves for service where the lucrative attraction is much greater.

We talk about the loss of our trained personnel; we talk about the loss of Canadian brains to the United States labour market. I would suggest, just as strongly as I can, that this is one respect in which we might encourage our young people to serve in Canada. It does not establish any precedents that will make it impossible to draw the line. I am speaking only of genuine graduate students who can easily be vouched for by the institutions in which they are pursuing their studies and a simple amendment, even a simple change in the interpretation of section 5, would meet the situation quite adequately. I leave it before the minister for his attention.

Resolution reported and concurred in.

Mr. Harris thereupon moved for leave to introduce Bill No. 440, to amend the Public Service Superannuation Act.

Motion agreed to and bill read the first time.

POST OFFICE ACT

AMENDMENT WITH RESPECT TO TRANSFER OF CONTRACT

Hon. J. W. Pickersgill (for the Postmaster General) moved the second reading of Bill No. 351, to amend the Post Office Act.

Mr. T. A. M. Kirk (Parliamentary Assistant to the Postmaster General): Mr. Speaker, the purpose of this bill is to give sanction to a practice whereby the Postmaster General has transferred a contract from the actual contractor to another person at the request of the former, when the action was in the public interest and did not entail any additional cost.

As hon. members are no doubt aware, this policy has been followed for a great many years. Recently the Department of Justice expressed the opinion that the Post Office Act in its present form does not provide for this long established practice.

It is considered desirable to continue the practice, which has been found to be most satisfactory from the standpoint of a minimum disruption of service, the elimination of costly temporary arrangements, and the time and expense involved in the invitation of tenders. The proposed legislation is simply intended to remove a doubt as to the legality of a long established practice.

[Mr. Dinsdale.]

Mr. W. M. Hamilton (Notre Dame de Grace): Mr. Speaker, we are dealing here with a bill which directly concerns a matter of principle, the principle being whether or not a service required by the government which is normally made the subject of tender should under certain circumstances be removed from that class and placed in a class where it is awarded at the discretion of the minister.

I suggest to you, Mr. Speaker, that if it is good, right and proper as a basic principle that a contract for rural mail delivery should be made the subject of a tender in one instance it requires very special consideration, far more than has been advanced today, to justify that same contract being placed otherwise by ministerial discretion at some other point in its life.

The parliamentary assistant to the Postmaster General has set forth briefly certain advantages which he suggests will accrue from the proposed practice. As I remember them they were, first, a minimum disruption of service; second, elimination of costly temporary arrangements, and third, a saving of time and expense involved in calling for tenders. I shall deal subsequently with these stated advantages.

He did not tell us the type of circumstances under which this amendment might become operative. From a study of the existing practice I have been able to find that a typical circumstance, and a usual one, would be where the contract holder had died and it was desired to transfer the contract to his widow or to other members of his family; or where a contractor had sold out and was intending to move and it was necessary to carry on the mail contract when he no longer wished to do so; or where a contractor had defaulted, the sureties he had been asked to provide at the time of entering into the contract were carrying on and it was desired to give the contract to someone who had been acting as courier on the route. I think those represent the major cases in which this particular piece of legislation would become operative.

We must remember that there is a break in the method of handling rural mail contracts. Those under $1,000 are handled without the calling of tenders at any point. They can be awarded in the first instance at the discretion of the government. Contracts having a value of over $1,000 must in the first instance be made the basis of tender. According to the present practice of the department, which was amended I think two years ago, once a contract for over $1,000 has been awarded—and such a contract cannot be for a greater period than four years—at the end

of any contract period it may be renewed, not once but as often as the department deems advisable, without the necessity of calling for further tenders.

During the life of such contract or any four-year period the department may renegotiate the amount being paid without the necessity of throwing it open for tender or for referring it in any way to public consideration. There are certain restraining influences upon that renegotiation, but they are not too stringent and it is quite conceivable that once a person is seized of a mail contract he could continue to hold it without it ever becoming available for public tender for probably 15, 20 or more years, and that during that period the remuneration under the contract could be increased every two or three years so that at the end of the period the remuneration paid would bear surprisingly little resemblance to what was paid when the contract was originally entered into.

That casts a certain light upon some of the possible advantages to anyone who might be unscrupulous enough to misuse this proposed piece of legislation. A contract properly tendered for in the first instance and awarded to the lowest bidder might become available at the end of a one or two-year period, and it would be quite within the prerogative of the department to seek out someone whom they wished to favour and place the contract with him. After all, the original contractor has opened it by wishing to get rid of it; the man he has sought out would presumably wish to have the contract, which would meet the second requirement, and since he would be the government's choice—there are many reasons which might dictate that choice, some admittedly legitimate and others open to some question—all the requirements of this particular piece of legislation would be met.

Those who have followed the course of history in Canada since confederation—and this practice has been in operation since confederation—are aware that for some of the very reasons I have outlined the practice has been constantly away from leaving discretion in the hands of the government in the awarding of contracts, and moving the awarding of contracts to an impartial tender basis. In the flush years of government, if a government ever has any flush years—I think of the earlier years of the government—before the tender system comes into general usage the pork barrel is a most important factor in government operations. We in this party are happy to see the pork barrel removed from the operations of government wherever possible. We have no desire whatsoever to be a party to its reintroduction or to legislation which will continue that type of operation which might be susceptible to pork barrel policies.

By no manner or means am I making light of the job being done by the rural mail carriers of this country. There are thousands and thousands of these men from coast to coast. Whilst any letter carrier has a difficult job, I think the rural mail carrier has perhaps the most demanding job in the entire postal service. Most of us see him in operation during the summer months when it is a rather pleasant sort of occupation. The roads are fairly good; the weather is nice; he gets over his route in perhaps a matter of a few hours; and the work is not too onerous. Few of us —because the weather, if nothing else, would make it impossible—see these men under more difficult circumstances, when they really earn more than their pay.

Our climatic conditions in Canada are not of the best the year round, but the mail must go on the year round. The result is that these men, who perhaps in the summer are able to deliver their mail by car, are called upon in the wintertime to deliver it by horse and sleigh, by dog team and even sometimes on foot. It was only a few weeks ago that I was reading of the retirement of one of the rural mail carriers, and I read that one of his proudest boasts had been that he had carried the mail without, I think, missing a day for a period of something over 20 years. During that time it had been necessary on more than one occasion to take his bags from the sleigh in the wintertime and slog through on foot. It had been necessary on one or two occasions to spend 15 to 20 hours making a trip which under normal summer conditions would have been made in three or four hours. But that mail had gone through, and that man was typical of the men who serve this country.

Because we have sympathy and understanding for the men who are doing this job, we do not necessarily—nor, indeed, I think, should we—support a measure which has nothing to do with the way this work is carried on, which has nothing to do with the individual rural mail carrier himself, but which purely on the basis of expediency perpetuates a practice which, I suggest, has been wrong in the past and, because it has been wrong in the past, will not by legislation be made right in the future.

What are some of the weaknesses of this proposed course of action? Here is one. When the tenders are called for a rural mail route, there may be three, four, five or more people who will tender for that route. Under this plan the second lowest tenderer or any

of those other people who evinced interest in it will have no opportunity whatsoever by right to be offered the contract if the man who is awarded it in the first instance decides to step out from under it and ask the government to transfer it elsewhere. It seems to me that if a group of men are interested enough in operating a rural mail route to tender for it, they should be among the very first to be consulted and considered if that route is going to be transferred from the man who originally was awarded the contract.

Again, as I have pointed out in passing previously, this legislation puts a great deal of power in the hands of the department and in the hands of the department's local representatives, because to all intents and purposes once a contract for rural mail delivery has been awarded, it makes a closed corporation out of that contract. Once that contract has been awarded there is no obligation whatsoever on the government at any point to open that contract for tender again.

Rural mail contracts are, most of us would feel, very personal. Usually the man who tenders for them carries the mail himself. If he does not do so, the mail is carried under his very close personal supervision. This is not a business in the way in which we think of most businesses, that is, largely impersonal. The rural mail route is a small and, in most cases, a part-time operation, and it is something in which there is a close liaison and a close understanding between the person who carries the mail and the people who receive it.

Yet here again we are asked that the impersonal operation of a contract-letting system by tender be replaced by the very personal and possibly improper, under certain circumstances, direction of the government. Let there be no doubt about it; that is all this legislation is intended to do. It is intended to legalize the government placing rural mail contracts wherever they wish to do so, if and when the original holder does not wish to carry on the contract. As I have already pointed out, once that contract is awarded it can go on indefinitely with the new person or through as many new hands as the government wishes to push it. The amount payable for it can be increased time and time again, although, of course, there must be certain intervals which elapse.

In case anyone thinks this is a small matter and that there are only a few of these transfers being made, I point out that it is well known that in the period from October 1, 1953, to September 30, 1954, which is a 12-month period, there were 303 transfers of contracts under $1,000 and 162 transfers of contracts over $1,000. That is a pretty sizeable slice of government business to have floating around the country and left to the personal discretion of the Postmaster General, because in the final analysis it is his responsibility.

There may be some basic justification for this measure in the advantages which were put forward by the parliamentary assistant, but I suggest that those same advantages could be obtained without this legislation merely by making it possible for a contract to be continued temporarily on arrangements such as this until such time as tenders for a new contract could be called. When the bill is in committee we shall have certain suggestions to make in that regard, which are not proper now but which will be proper at that time.

Certainly we are desirous of co-operating with the department in working out the best possible rural mail service, the most satisfactory type of service, and that with a minimum of interruption. Let me just summarize my observations by saying that, despite this, we have no desire to be a party to anything which is capable of being turned into government largesse and personal benefit to certain individuals selected by any minister of the crown.

Mr. Erhart Regier (Burnaby-Coquitlam): Mr. Speaker, the hon. member for Notre Dame de Grace began his remarks by saying that there is a principle involved in the amendment the government is seeking here. I should like to emphasize another principle which I also think is important, and that is that at all times we should adhere to the principle of ordinary common sense. After all, these tenders are let for a four-year period, as I understand the situation, and they are not renewed except by tender at the end of each four-year period.

I feel that for the government to open these routes to public tender once every four years is enough and should be adequate. If it is a lucrative occupation for someone to have entered into, I am sure that at the end of the four-year period there should be adequate competition. In fact we have heard many complaints in the house that the government has been awarding these tenders to people who were overly anxious to obtain awards and who later on found themselves in difficulty.

In my opinion far more of the rural mail carriers are underpaid than are overpaid. I believe that has been the feeling of the Post Office Department. I have only a limited number of these routes in my riding. However, I should like to compare my attitude on this matter with my attitude to what happens

every time one of these little sub-post offices changes hands. There will be a widow operating a little groceteria netting her possibly $60 or $70 a month, and in our suburban areas we have many of these little corner stores with sub-post offices for the purpose of augmenting the income of the owner of the store. They probably make $15, $20, $25 or $30 a month from the sub-post office, and they render a service selling postage stamps and what have you to the immediate community. Yet when this lady wants to sell her place of business she cannot assure the future purchaser that he will have the same rights she has. The little enterprise involving the post office has to be submitted to the Post Office Department in Ottawa, and the new purchaser of the business has no assurance or guarantee whatsoever that he will be left with this little favour or concession, as he may consider it at the time. There have been a lot of complaints reach my ears that these matters also should not have to be resubmitted to the Post Office Department every time the business changes hands.

I feel that we may be making much ado about nothing. Surely if we are interested in efficiency of government we will realize that it costs money to call for tenders. We are all in favour of the calling of tenders at the proper time and on the proper occasions, but surely it should be sufficient if tenders for these routes are called at the expiration of each and every term.

I notice that it is not mandatory but optional on the part of the minister. I have every confidence that if the minister noticed that racketeering was taking place; that the franchises, if you wish to call them that, were being sold for exorbitant amounts, or that any money consideration was involved that was out of line with reasonableness, he would exercise his option and would call for tenders. Therefore I think this is one case where we should follow the principle of common sense and give the Postmaster General reasonable leeway to the extent of four years. I do not think we will go wrong by so doing.

Mr. E. G. Hansell (Macleod): Mr. Speaker, this group does not look with too much favour upon this measure. In his statement the parliamentary assistant said this has been a long established practice and that they are now writing it into the law. That statement may change the picture a little, but on the other hand it only goes to show that the minister has been doing something that evidently he has had no legal right to do. However, there is the principle stated by the hon. member for Notre Dame de Grace, and it does seem to me an open matter for political patronage purposes. We do not like to talk that way but it does appear to us to have that possibility.

The parliamentary assistant can correct me if I am not right in my thinking, but it does occur to me that the applicants for most of these positions are recommended by the various Legion branches throughout the country, or if they are not recommended then the man's service record does have a bearing in the final decision respecting these positions. That being so, this measure could reasonably interfere with that procedure; because as the bill reads the person to take the place of the carrier if he cannot complete his contract is to be recommended by the man who holds the contract. There is nothing to say that he is necessarily going to recommend a returned man. It may be that there is a principle being followed that sometimes these contracts remain within the family. We have no objection to that. But that could still be done even though the remainder of the term were open to competition.

There is another point, though I do not know whether it is worth while to mention it. There is the possibility that if a mail carrier or one under contract should "get in bad" with the inspector or with some of those on the mail route, he may feel that he is forced to resign and might even recommend someone who is worse than he is. That possibility should not exist. I do not think the cost can be so great. It is a matter of opening the competition to anyone else who desires to take the contract for the remainder of the contract period.

It seems to me that this is the thin edge of the wedge that could lead to a similar procedure in other matters. It could lead to a similar procedure in other civil service positions, even those not under contract for four years. What is the difference in principle? Is the time the difference? Suppose there is a civil servant who decides to quit his job. Why has he not a right to recommend someone to take his position? Even though it is for more than four years, the principle is the same. It is only the time element that is different. It appears to me to be the thin edge of the wedge in opening up this matter to rather unsatisfactory possibilities. As the matter now stands, I am afraid we cannot support the bill.

Mr. G. W. Montgomery (Victoria-Carleton): Mr. Speaker, before the bill goes to committee I should like to say a few words. I was not here at the resolution stage. For that reason, through you, I should like to

say to the parliamentary assistant and his departmental officials that I think the departmental officials in my area in New Brunswick deserve a great deal of credit for the perpetual following up of demands that we made for two post offices which were granted to us and completed last year, one at Plaster Rock and one at Woodstock. The one at Plaster Rock I am extremely proud of. I think it is too bad that the late postmaster general did not live long enough to see these two buildings, as he took a great deal of personal interest in getting them for us. For a long time there has been a need for them.

I felt that I should like to say that at this stage. I should also like to say that while I have not had too much trouble with regard to postal matters, there are quite a few rural mail routes in my area and we run into some quite perplexing difficulties. I want to compliment the officials in my own area for being extremely co-operative in working out those difficulties.

After looking at this particular amendment, I am wondering whether such a recommendation would be asked for or would even be suggested by those officials. The amendment looks very innocent on its face. I think the ground has been well covered by other hon. members who have spoken ahead of me. But I do not read the act as the hon. member for Burnaby-Coquitlam (Mr. Regier) reads it. According to my understanding—and I am sure this is right; if it is not, I know the parliamentary assistant will correct me—these contracts do not come up for tender at the end of every four years, or they need not come up for tender. If a mail courier is doing a good job the local officials in the area may recommend that he be continued without any tenders being called at all. As I understand the act, his contract may be renewed for another four years. As the hon. member for Notre Dame de Grace stated, that procedure may go on from term to term, as long as he is satisfactory to the department and satisfactory to the people whom he is serving.

But there is involved here a principle which has been fairly well covered. From my experience in the last three or four years I do not like this idea of opening a loophole in the law which has otherwise been a good one, namely the tender system, subject to renewal for the remainder of the term of the contract. If I may, I should like to narrow this matter down and point out to the parliamentary assistant to the Postmaster General that what we are doing here is this. We are permitting political patronage to creep in.

The Minister of Finance may laugh, but I have already experienced some of this. It has been creeping in during the last year and a half; and if it were not for the good work and the good judgment of the area officials, of which I am sure the Postmaster General knows, there would have been more. He is being bothered considerably more than he used to be bothered. There is an opportunity here to work for political patronage. That is something that was almost unheard of under the old system. Like the hon. member for Notre Dame de Grace, I should like any amendments to steer away from that sort of thing.

I do not say that just because I happen to be in the opposition. Some day I might have to deal with it otherwise, and I would be tickled to death to be able to say that the department handles this matter, that there is only one ground, namely satisfaction, and that everybody may put in his recommendations but not political ones.

As has been suggested, when we get to the committee stage I should like to see the committee study the amendment. I have no objection to this temporary arrangement for the carrying out of the contract, but I should like to see that particular contract come up for tender at the end of the term. I do not think I need say any more at this stage, Mr. Speaker.

Mr. Deputy Speaker: Is it the pleasure of the house to adopt the motion?

Some hon. Members: Carried.

An hon. Member: Ten o'clock.

Mr. Herridge: May I move the adjournment of the debate?

Mr. Deputy Speaker: Do I understand that the hon. gentleman wishes to speak on second reading?

Mr. Herridge: Yes.

On motion of Mr. Herridge the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Harris: Mr. Speaker, tomorrow we shall continue with this debate. Then we shall take second reading of Bill No. 212, to amend the Telegraphs Act, and then second reading of the bill to amend the Income Tax Act.

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

HOUSE OF COMMONS

Tuesday, July 3, 1956

The house met at 2.30 p.m.

CANADIAN BROADCASTING CORPORATION

INQUIRY AS TO TELEVISION SERIES "THIS IS OTTAWA"

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, may I ask the Minister of National Revenue, in relation to the program of C.B.C. television broadcasts, which I understand is to commence this evening and run over the next six weeks on the subject "This is Ottawa", reviewing the history of the Ottawa area, if he thinks it is proper that this series should omit any participation by the Governor General or the mayor and any scenes pertaining to Rideau Hall or Earnscliffe while including scenes of Laurier house, the dominion bureau of statistics and other buildings?

Hon. J. J. McCann (Minister of National Revenue): Well, Mr. Speaker, I must admit that the hon. member for Eglinton is much more familiar with the proposed program than I am. I know nothing about it except what I have seen in the newspapers and heard announced on television; therefore I cannot give an opinion that is worth anything with reference to what is to be on the program or the nature of it. I am not consulted about programs.

Mr. Fleming: Will the minister look into this in relation to the fact that apparently there is to be no participation by the Governor General nor any scenes pertaining to Rideau Hall or Earnscliffe, and no place in it for the mayor of Ottawa.

Mr. McCann: Mr. Speaker, I shall refer the matter to the C.B.C. and when I get a report from them I will announce it in the house.

PIPE LINES

TRANS-CANADA PIPE LINES—POSSIBLE EFFECTS OF STRIKE ON CONSTRUCTION

On the orders of the day:

Mr. H. R. Argue (Assiniboia): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce. Can the minister say whether Trans-Canada Pipe Lines Limited has control of sufficient steel at this time to ensure completion of the western section of the pipe lines, or would a prolonged strike in the United States make it impossible to complete the line?

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, I will admit that my hon. friend in his efforts to stop the building of the pipe line has had an assist from the steel strike in the United States; nevertheless, unless it is a very prolonged strike, I think the line will still be built.

SHIPPING

REQUEST FOR CONTROL OF SPEED OF BOATS IN MINOR WATERS

On the orders of the day:

Mr. F. G. J. Hahn (New Westminster): Mr. Speaker, I should like to direct a question to the Minister of Transport, notice of which I communicated to him earlier this day. Would the minister consider amending the regulations respecting the navigation of minor waters so that some measure of control could be maintained over freighters and tugs which do not observe the proper speed limit, and thereby do much damage to fishing boats and their floats?

Hon. George C. Marler (Minister of Transport): Mr. Speaker, the hon. member was good enough to give me notice of his intention to ask this question, but I have not had sufficient opportunity since his call earlier this morning to make the inquiries necessary for me to form an opinion as to whether or not it is desirable to make any change.

EXTERNAL AFFAIRS

ISRAEL—PRESS REPORT OF CANCELLATION OF DELIVERY OF PLANES

On the orders of the day:

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, I should like to direct a question to the Acting Prime Minister. Is the right hon. Minister of Trade and Commerce in position to make a statement about a report carried by the United Press that Canada has clamped down on the delivery of jet planes to Israel, and that this is causing a great deal of concern in view of the delivery of Russian planes and weapons to Egypt?

Inquiries of the Ministry

Right Hon. C. D. Howe (Acting Prime Minister): Mr. Speaker, there has been no change in Canada's policy with reference to shipping airplanes to Israel. The matter has been under consideration for some time; it is still under consideration, and until a decision is arrived at the situation will remain unchanged.

CITIZENSHIP AND IMMIGRATION

INDIAN AFFAIRS—REQUEST FOR PARTICIPATION IN MOSQUITO CONTROL IN FRASER VALLEY

On the orders of the day:

Mr. A. B. Patterson (Fraser Valley): Mr. Speaker, I should like to direct a question to the Minister of Citizenship and Immigration. Could the minister advise the house what decision has been reached relative to the request made by the municipalities that the Indian affairs branch co-operate in the program of mosquito control in the Fraser valley?

Hon. J. W. Pickersgill (Minister of Citizenship and Immigration): Mr. Speaker, the hon. member for Burnaby-Richmond (Mr. Goode) and Senator Reid have made urgent and pressing representations to me on this subject and I hope a decision will be reached in the near future.

POST OFFICE ACT

AMENDMENT WITH RESPECT TO TRANSFER OF CONTRACT

The house resumed, from Monday, July 2, consideration of the motion of Mr. Pickersgill (for Mr. Lapointe) for the second reading of Bill No. 351, to amend the Post Office Act.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I have read the remarks of the genial parliamentary assistant and others who spoke last night in this debate, and I find that I misheard one or two of them. There is no necessity for me to take up the time of the house in continuing the debate now. I shall have certain questions to ask when we get into committee.

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

On clause 1—*Transfer of contract.*

Mr. Diefenbaker: Mr. Chairman, I should like to ask the minister one or two questions in connection with this matter, particularly in view of the fact that he has stated that this amendment merely legalizes what has been done over a period of years. I should like to ask him how many cases there have been during the last five years, year by year, where transfers have been made from the holders of contracts during the period of the contracts, in each case what was the remuneration given or provided for under the tender; and was there any increase in the amount paid in respect of the contract in consequence of the assignment, transfer or substitution of another person in the place of the original tenderer? If the parliamentary assistant could give that information it would pretty well cover the situation.

Mr. Kirk (Shelburne-Yarmouth-Clare): Mr. Chairman, I have not the figures for the five-year period, but for the year ending September 30, 1954, there were 303 transfers made of contracts under $1,000 and 162 of contracts over $1,000. In no case was there any increase in the price. That is one of the conditions of the amendment.

Mr. Hahn: I have learned that the minister has received from time to time certain requests respecting an extension of letter boxes in certain towns from which rural routes emanate. I was wondering whether or not any consideration has been given to the thought that in such areas and towns where we have a number of rural routes operating from a central office and they have no letter carrier system, letter carrier boxes be placed in those towns and it be embodied in the contract that it include the picking up of letters from those boxes to be taken to the central post office for delivery.

Mr. Lapointe: If I understood properly the question of the hon. member for New Westminster, I think he refers to letter boxes for the receipt of letters being mailed. Is that correct?

Mr. Hahn: Yes.

Mr. Lapointe: Generally speaking the policy is that the letter boxes are installed in areas where there is a letter carrier service, and they are not installed where there is no letter carrier service and where people go to the post office anyway. There are exceptions to these rules when the exigencies of the service, if I may use that expression, make it justifiable. As a rule, a rural mail contractor who does the delivery to the rural mail boxes on that route will usually have included as part of his contract the picking up of the mail in that letter box. Of course if in so doing he increases the length of his route, he should be compensated accordingly.

Mr. Hahn: The question resolves itself in this way, however, in so far as certain of these towns from which rural routes emanate are concerned. Some of them are quite large, but they are not large enough for a letter carrier system. The suggestion is made that

the outlying districts might have letter receiving boxes, so that when the rural route carrier comes by, he merely stops, picks up the mail and takes it to the post office, thereby saving citizens a long walk from the outskirts of the town into the post office for that particular purpose.

Mr. Lapointe: I know that is done in some areas. As applications are made at various localities, they are studied in order to find out whether such a service can be given without increasing the cost of the contract or the length of the route the contractor would have to cover.

Mr. Herridge: This slight amendment simply requests something that apparently the department has been practising for years, and I have noticed it being done; but I have noticed also on one or two occasions that a contract was transferred to someone who, in the opinion of the people in the district, was not nearly as capable or as responsible as the original contractor.

My question is this. What does the department do to make certain that a person to whom a contract is transferred has satisfactory equipment, has the capacity and the ability, and has the same bonding as the original contractor?

In addition, in order to avoid the minister having to rise twice, I am going to ask another question. Do the inspectors emphasize what is the responsibility of a person who signs a bond for one of these contractors? I remember speaking to an aged clergyman in my district once when there was some possibility of the contractor failing in his obligation, and when he realized what he might be responsible for he nearly had a heart attack. He did not understand what he had signed. I think something should be done to inform the person who signs a bond what are his responsibilities.

Mr. Kirk (Shelburne-Yarmouth-Clare): The departmental officials study the case of the individual to whom the contract may be transferred just as carefully as they do the case of the original contractor. It is up to the departmental officials to be satisfied that he is capable and can supply the necessary equipment, the bondsman and so on.

Mr. Herridge: That process is all gone through again?

Mr. Kirk (Shelburne-Yarmouth-Clare): Yes. As far as the bond is concerned, I do not know about your friend the aged clergyman, but I would hate to think he would sign a bond without having read it very carefully. Attached to each contract is a bond, of which I have a copy here, and I think he can tell from this that he is responsible for operating the route should the original contractor default in any way.

Mr. Herridge: I think the department has run into several cases of that sort where people have signed these bonds. I believe something should be done to draw to the attention of the person who signs the bond what they are responsible for and not just leave it to them to read the fine print in the contract.

Mr. Montgomery: I should like to ask a question or two. Does this clause apply to any contracts other than rural carrier contracts and, if so, what other contracts?

Mr. Kirk (Shelburne-Yarmouth-Clare): This section applies to any contract. It says:

> The Postmaster General may . . . substitute another person for the contractor under any contract for the conveyance of mail . . .

That would include rural routes, suburban services, side services, stage services, city services and so on; any contract for the conveyance of mail.

Mr. Montgomery: I was looking at this from the standpoint of the rural carriers. What is the average cost of calling for tenders where you have to post notices for three weeks, when a contract runs out?

Mr. Kirk (Shelburne-Yarmouth-Clare): At the moment I do not know what is the actual cost of the calling of the tenders, but I certainly could find that out and let the hon. member know. However, I can say that the cost of the contracts that were transferred during the last year that we transferred contracts was considerably less than the amounts we were receiving in the form of tenders that were called for the new contracts.

Mr. Montgomery: In transferring a contract from one rural mail route contractor to another contractor when the term of the contract runs out, has it been the practice of the department to make the arrangements without calling for tenders?

Mr. Kirk (Shelburne-Yarmouth-Clare): No When a contract is transferred it is transferred because in some cases the original contractor has died and his estate wishes to have it transferred to the son or widow, or in other cases because the contractor may have moved from the village or may have sold his store or farm; but when the four-year term has expired and the contract runs out, tenders are then called.

Mr. Montgomery: That is the point. It looks to me as though the last two lines of the section permit a change in that principle. If the minister or the parliamentary assistant

can assure the house that there is no intention under this bill to renew a contract with the party with which the arrangement has been made without calling tenders, then I would be quite happy with it.

Mr. Kirk (Shelburne-Yarmouth-Clare): I am sorry; I must have misunderstood the first part of your question. The latter part of this amendment says:

. . . and the provisions of this act apply to the person so substituted as though he were the original contractor.

You will remember that when you were speaking last night you said that the system we have been following for some time had been very satisfactory and you hated to see it changed. You may not have used those exact words but I believe that was the gist of your comments. As reported at page 5594 of *Hansard* you said this:

—which has otherwise been a good one, namely the tender system, subject to renewal for the remainder of the term of the contract.

What we are really asking for is this. We are asking through this amendment to be permitted to carry on what has been done ever since confederation. The amendment is being introduced as I mentioned last night, owing to some question having arisen in the mind of one of the legal experts in the Department of Justice, who questioned whether the act was worded in such a way that we did have permission to do that, even though in the contract which every contractor signs there is section 27, which says:

The said contractor shall not have it in his power to transfer his interest in this contract without the special written sanction of the Postmaster General.

Mr. Montgomery: That fairly well answers the question, except that to my mind this act leaves it open, under section 31. That will be new. I presume that now you are going to introduce an amendment, you will make the present section 31 subsection 1 and this amendment will be subsection 2. So we will say under subsection 1 of section 31 as it is now the department may renew a contract without calling for tenders if they consider it in the interests of the service, and the service provided has been satisfactory.

When this bill is passed do you consider that you will have the power to do that? We will say that A gives up a contract; he dies or he moves away and you arrange that the contract is taken over by B. B carries it on for the remainder of the term, whether it is two years, three years or whatever it may be. At the end of the term of that contract do you feel that, under this act, you will be able to renew that contract under section 31 as it now stands, without calling for tenders? I think you can. If so, and if the department has that in mind, I should like to ask the minister to consider an amendment.

Mr. Kirk (Shelburne-Yarmouth-Clare): The transferee has exactly the same rights as the original contractor.

Mr. Johnston (Bow River): As far as I am personally concerned, I should like to say that I do not like this amendment. It seems to me that it leaves it open to something; I was going to use the word "skulduggery" but I suppose that "indiscretion" would be the better word. It appears to me that when a person has a contract and then, for some reason or another, decides to forgo that contract and so advises the department and makes a recommendation, the department may or may not act upon that recommendation. But at the end of that four-year period when tenders would ordinarily be called, this puts the others in that community who desire to tender on that contract in an extremely embarrassing position.

It is embarrassing to this extent. They are at a great disadvantage to start with because this other fellow already has the advantage of having concluded that former contract. It goes almost without saying that when tenders are finally called, the government would favour the one who had the contract. In that sense it does not leave itself open to a free and competitive form of tender. When the department receive these new tenders they look them over, but they do not necessarily have to take the lowest tender. They look them over and say, "Well, now, this fellow has been carrying on for the last four years under the original contract, and we see no reason why he should not be given the new contract". People who are tendering under those conditions are at a very decided disadvantage.

I cannot see, either, why the department should not call for tenders when the original contractor decides to terminate his contract. There is no great expense attached to it. It is a routine procedure with the department, and surely it would take no time and practically no expense to call for tenders again. This would leave it open to everybody, and everybody would have an equal opportunity. I say again that the man who is recommended by the original contractor has a decided advantage over all the other tenderers when the four-year period is up and tenders are called again. The very fact he has given some service may lead the department to say, "Well, his services have been satisfactory and we do not know anything about this other fellow, so we will let him carry on for another four years."

I do not think that should be permitted. It seems to me the department itself should be very eager to get out of that position where doubt is cast upon the department in this regard. I think they should call for tenders and give everybody an equal and fair opportunity to offer their services and have no embarrassment attached to it.

Mr. Knight: On the same point exactly, Mr. Chairman, it has occurred to me to ask if under this act there could be collusion between the former contractor and someone to whom he desired to give that contract. I mean, almost at the expiry of the old contract the original contractor could make an arrangement with his friend, and so long as that person was satisfactory to the department he would be allowed to carry on. It seems to me if tenders were called it would avoid a great deal of the criticism of the hon. member who has just spoken.

Mr. Kirk (Shelburne-Yarmouth-Clare): If the original contractor requests a transfer, and if the transfer is made it is only made if the departmental officials who have checked on the matter feel he is capable of carrying on and giving good service. Then if at the end of the contract period he is giving good service and there are no undue complaints in the area, it is automatically renewed.

So far as the part about calling for tenders is concerned, I may say that the contract is always awarded to the lowest tenderer, except in a rare case when on checking the department finds he is not capable of carrying out the contract. I know of a case that happened in my own riding. A gentleman tendered for the contract and said he could carry it out. He said he had a car, but the departmental officials found that while he had a car, unfortunately it was minus wheels, a starter and a generator. He had no credit with which to get a car and he could not get any bondsmen. He did submit a tender.

Mr. Johnston (Bow River): Is it a fact that the department always accepts the lowest bid? I do not think that is so, because there may be a situation where a man puts in a bid when he knows he is not going to make very much out of the mail contract. It may be that he has another business and he may say, "Well, I will have enough people coming to my store that it will more than offset any loss I have on the delivery of mail." In that case his bid may be very low. I do not think it is always the practice of the department to accept the lowest bid.

Then there is another case. Suppose the original contractor recommends someone who is not satisfactory to the minister or to the department, then tenders would have to be called. Why does the department not call for tenders in the first place? I would think there would be many instances where that would occur. I do not think the department is going to save itself much trouble, and I can see where this would lead to a lot of dissatisfaction and questionable practices. I do not think it should be allowed to continue.

Mr. Kirk (Shelburne-Yarmouth-Clare): The contract is awarded to the lowest tenderer if he is capable of performing the work; that always happens. I gave an extreme case that occurred in my constituency. If a man believes people will cut in he tenders low and the contract is awarded to him. As far as the system itself is concerned, as I mentioned two or three times this system has been in vogue since 1867, since confederation, and we have had a lot less trouble by using this method. Those of us who represent rural or partially rural constituencies realize it is very difficult to find people who are interested. Sometimes a local contractor has to give it up and through a personal friendship he is able to find someone to carry it on. Sometimes we call for tenders in these rural areas and we receive no tenders, and we have to call for tenders two or three times.

To return to your main point, the tender is awarded to the lowest tenderer.

Mr. Knight: Is there any reason why the original contractor has anything to do with who his successor shall be, except that I think you stated that it saved trouble for the department? What is the idea of having the original contractor interested in his successor?

Mr. Kirk (Shelburne-Yarmouth-Clare): I think a brief answer to that, Mr. Chairman, is that very frequently the original contractor may have served for some years; he has equipment and he knows the route and sometimes through a personal friendship he is able to make an arrangement and transfer his equipment to someone who is willing to carry on.

Mr. Knight: From what you state I gather it is virtually a family contract which would exclude others.

Mr. Jones: Does the original contractor contact the department before making the transfer, or does he just quit the job and say that he is leaving. What obligation does he have toward the department, if any? He has to make application to the department for the transfer and I think he makes his recommendation. What does the excuse have to be; sickness or bankruptcy or just his whim to give it up? Has he any responsibility?

Mr. Kirk (Shelburne-Yarmouth-Clare): In the vast majority of cases the contractor has died and his route is transferred to the widow. Most of the cases are like that. There are also cases where the man sells his farm or business and wants to move away, or perhaps for some other reason. There are very few cases where the man wants to give it up because of some whim.

Mr. Hodgson: Mr. Chairman, these mail carriers become more than mere mail carriers, they become part of the community and do a great many favours for people other than just carrying the mail. In the case of a person moving away or quitting his job or dying and a new man taking over, I think that should be by contract and the lowest tenderer should get it providing his qualifications are all right. I have known some cases where in advertising for a mail carrier, the qualifications were probably equal and the prices came within $10 to $15 of each other, whoever handled the patronage for the Liberal government in the area got the job.

An hon. Member: And it should have been a Conservative.

Mr. Hodgson: As far as contracts are concerned, if a man is doing his job satisfactorily I do not think the job should be put up for tender when the four-year term is up. That man should have a renewal without any tender whatsoever until such time as he wants to quit himself or until he is too old to carry on. Putting these things up for tender every four years creates a lot of ill feeling within the area, and frequently you get a carrier who is not as good as the previous one. This keeps it within the patronage system, when you renew the contract of a man who is capable and doing the job well.

In my riding last year there was one mail carrier's route put up for tender for no reason at all. He had a petition signed by every box holder on the route, which was sent to the department, but despite this his job went up for tender and was given to another man for the sake of $10. Probably the other man knew how much to tender less than the other fellow; I don't know about that. I think the more you get away from contracted jobs the better it will be for the mail service, the post office department and everyone concerned; but in the case of a new man coming on or a new route being established, then it should be handled by tender.

Mr. Montgomery: Mr. Chairman, the point involved here is, I think, a point of principle. I object to the last two lines of the bill because I am satisfied, as the hon. member for Victoria (Ont.) has said, that some person can get a mail contract who has never tendered.

I am quite in sympathy with the department making arrangements to carry on for the remainder of a term; I think that is good business. As I said last night, I think it is good business to retain the tender system because it has worked very well; but under these two lines in this bill you are inserting the thin edge of the wedge whereby the tender system may disappear.

This is designed to make legal what the department has been doing in the past. As I understand it, the department had not been going beyond making arrangements for the remainder of a contract term. I would be quite willing to have that done; but when that term runs out then I think tenders should be called for that particular contract, because a new person is entering the field and I do not think it is in the interests of the public to handle it in any other way. I think it is putting too much responsibility on the district superintendent or whoever looks after this.

I believe there would be far less fault found if you were to open it to tenders and give the people a chance. As I understand it, it does not cost very much to call for tenders. If we cut out the last two lines of this bill I think the department will have succeeded in accomplishing under this bill what they desire. In other words they will be legalizing the things they have been doing, which I am quite in favour of them doing.

This bill goes further than that. This bill is going to interfere with the principle of permitting a new carrier to get his job under the old tender system. It permits me or someone else to take over from some other person, keep the job for a few months under an arrangement with the department, and have that contract continued from four years to twenty years, with a raise in pay every period under section 33 as amended in 1953, and keep it to myself as long as I render good service.

That may work all right, but we are taking away from the people the right to have a chance to get that job, and I do not agree with that. I am going to suggest, therefore, that the minister consider an amendment, unless he is able to point out to me that the last two lines are important. I move:

That clause 1 of Bill No. 351 be amended by striking out all the words after the word "agree" in line eleven, and in lieu thereof add the following:

"but such substitution shall be only for the remainder of the term of the contract."

Mr. Jones: In view of the answer given by the parliamentary assistant just now, it

seems to me that where one of these cases arises through the death of the contractor, provision should be made in the bill to take care of such a situation. The clause reads in part:

—that no additional expenditure is involved, substitute another person for the contractor for the conveyance of mail, if the contractor and the person to be so substituted agree.

If one of the parties is dead how can he agree? I think that is where the trouble would start.

Mr. Lapointe: The answer is that it is usually some member of the family of the deceased who is ready to take over.

Mr. Jones: It does not say so.

Mr. Lapointe: That is done in order that the contract may remain within the estate. There is generally a member of the family who is willing to take over the contract.

Mr. Jones: That should be stated in the bill.

Mr. Lapointe: It is not necessary.

Mr. Johnston (Bow River): In my submission this is a bad bill, in that the government is now practically doing away altogether with the calling of tenders. In the case of almost any contract, if the original contractor does not wish to renew at the end of four years all he has to do within the last two months of the term of the contract is to say that he is going to give up the contract and is recommending so and so. That will be done in a great many cases and the government will not have to call tenders for any of these rural mail routes. The government is just leaving this thing wide open to patronage and everything else.

I think that is a terrible thing to have happen and I do not think this bill should be allowed to pass. The government will be put in the position of having to call tenders for only a few contracts, because in many cases within two months of the expiration of the contract, if the original contractor does not want to carry on he will simply recommend somebody else. No tenders will be called for the new contract, and the same thing can be done time after time. There will be no need for the department to call for tenders and we will be going back to the patronage system. I am not saying they will do that, but I do contend that this would add to that type of practice.

Mr. Lapointe: I think the answer to my hon. friend is to be found in the figures given by the parliamentary assistant in connection with transfers. The transfers in that one year represent only 3·6 per cent of all rural mail contracts; in other words, the change of contract from one person to another represents only 3·6 per cent of all contracts. I have no doubt that the hon. member is familiar with the manner in which these contractors do their work. I am sure he knows how these contractors handle their responsibilities, and he knows perfectly well that most of the contractors make this a personal job. They give most of their time to it. On reading *Hansard* I noticed that during the course of the debate one hon. member made reference to the long and reliable service which is given by some of these rural mail contractors. I think the same condition exists in all our rural communities, and those of us who represent rural communities are aware of that.

It may be that a contractor has been doing this work for many years and has rendered good service to the public. In many cases it is the contractor's only occupation. As was mentioned, in the case of the death of a contractor, in many cases the only people who are familiar with the work are the contractor's family, who very often have done the work for the contractor. By making this transfer a continuity of efficiency in the handling of rural mail is possible. There is nothing new in the practice which this amendment seeks to legalize. As was mentioned before, it has been done ever since confederation, and all we are doing is making sure that the act provides for the continuation of this practice.

Mr. Diefenbaker: What created the doubt in the legal interpretation of the section?

Mr. Lapointe: My understanding is that it arose following the revision of the Post Office Act in 1952. I believe the treasury suggested that those amendments did not provide for this.

At this point I should like to refer to the amendment moved by the hon. member for Victoria-Carleton. I regret to say that it is not possible for the government to accept this amendment. One point which should not be forgotten is that when such transfer is made, the department must make sure that the person who takes over the execution of the contract for the remainder of the period is bound by the Post Office Act in the same manner as the original contractor. In other words, he must be under the authority of the Postmaster General in the same manner as was the original contractor. That is done by the very lines which my friend wants to delete from the clause, which read:

—and the provisions of this act apply to the person so substituted as though he were the original contractor.

If those words were deleted there would be no binding contract between the new contractor and the Postmaster General. There would be nothing which would bring the new contractor under the Post Office Act. That is the sole reason for those words being put in the clause. It is quite true, as the hon. member mentioned, that by putting the new person in the same position as the original contractor he is given the same rights, but if we delete those words we take away the authority of the Post Office Act over the new person.

Mr. Diefenbaker: Would the minister accept the amendment of the hon. member if it were added to the section rather than deleting all the words after "agreement"?

Mr. Lapointe: I do not think I would accept it. As I have said, the purpose of this amendment to this section is purely to enable us to continue legally what has been the practice and what has been found to be the most efficient way of proceeding with the transfer of these contracts. I did not quite get the wording suggested by the hon. member who has just spoken, but I think I know what he had in mind. In fact I could have thought of a wording which would have been simpler and would have effected the same thing he wants to accomplish, but it would not suit the purpose of the department at this time.

Mr. MacLean: I agree that the objection taken to the amendment by the minister may be fairly valid for the reason he gave; nevertheless I do not see how the minister could have any objection to the purpose of the amendment if it were changed slightly to accommodate both the minister's point of view and that of the hon. member moving the amendment.

As I see it, if I interpret the bill correctly it means that a transferee who is asked to complete a contract and who, according to the last two lines of this bill, will be in the same position as the original contractor is, in fact, in a better position than the original contractor in some regards, because the original contractor, if he got the contract by being the lowest tenderer, ran a certain risk. He had to tender fairly low in order to get it or run the risk of not getting it if he made his tender a little higher.

The person substituting may be doing so at a time when the contract has been in force long enough to allow the minister to increase the rate of pay. It would appear, if I interpret this correctly, that there is a minimum time during which the service must be performed before an individual is eligible for an increase in pay. Before a contract is transferred the original contractor may serve practically all of that required interval, and then somebody else substitutes and almost immediately becomes eligible for an increase in pay. If I am not right I should like to have it pointed out to me what in the act prevents that.

Mr. Lapointe: He has to wait two years.

Mr. MacLean: The minister, I believe, said he would have to wait two years. I read through the act rather quickly, I must admit, but I failed to see where that is so if, as it says here, the person who is substituting is in exactly the same position as though he were the original contractor.

Second, the minister said that this practice has applied recently to only 3 per cent of the contracts let. He gives that as an assurance that it would not become a general practice in the future. It would seem to me, if this practice was carried out in 3 per cent of the cases when, it turns out, it was not even legal, after we legalize it the practice may become more widespread. After all, if this bill is passed the rural mail carrier—I am thinking of him especially—is in the position that his contract becomes almost part of his estate, because as long as he gives satisfactory service it will be extended indefinitely.

I think that is a good policy if a man is giving satisfaction. But when he wants to give up his contract all he has to do is give it up short of the date of termination, and then he has the privilege of recommending a successor to himself. Then that successor in turn is in the same position as the original contractor. As long as he gives good service he can carry it on for the rest of his working life if he wants to. In that way the mail contracts can be handed on from generation to generation without ever being put up for tender.

It seems to me that while at the present time it may not be a practice that will apply generally, nevertheless we are making it legal for a practice to creep in whereby mail contracts are something to be inherited, not to be won by submitting the lowest tender.

Mr. Herridge: I should like to ask the minister one more question. What will happen in this case? I know of an instance where a man took over a contract for a year or two from an original contractor. According to the usual practice in the past, tenders had been called because the term of the original contract had expired for that mail route, but a contract had not been awarded. What happens in a case like that, if this legislation goes through?

Mr. Lapointe: I am afraid I do not quite understand the hon. member's question. Tenders had been asked?

Mr. Herridge: Tenders had been called but the contract has not been awarded.

Mr. Lapointe: Not awarded, for what reasons?

Mr. Herridge: Not yet awarded.

Mr. Lapointe: I did not quite get the question.

Mr. Herridge: Will the person who bid on that contract, who was the man who took over the original contract, automatically continue the contract when this passes?

Mr. Lapointe: Yes, he would continue while the process of calling for tenders and awarding a new contract was taking place. He would continue executing the contract, but if there were a lower tender than his, then the contract would be transferred to the lowest tenderer.

Mr. MacKenzie: I have been very closely associated with rural mail problems for a number of years. I do not know how it works in other districts, but I am honest when I say that in western Ontario there has been no political activity of any kind in the Post Office Department.

An hon. Member: You are lucky.

Mr. MacKenzie: I think that is pretty general. The hon. member said the contract should be tendered for every four years, or at least when the contractor resigns or wishes to leave his contract. I have been opposed to the tender system ever since I have had any interest in the rural mail carriers' problems. There is no other employee handling Her Majesty's mail that has to do this work by public tender. I think the public tender system is very vicious, and I believe the amendment that was made in 1953 did something to equalize the pay of the rural mail carriers and has done a good deal to restore some confidence and equity among the rural mail people themselves.

Under the 1953 amendment a tender can be called and an adjustment in pay can be made after two years, or only once during the life of the contract. That situation is not very equitable, because since the 1953 amendment a rural mail carrier who may only be a year or a year and a half from the expiration of the contract may apply for an increase in pay but he cannot have any further adjustment during that period, and he must renew before he can ask for another increase. Consequently he cannot ask for another increase for two more years. Therefore the situation at the present time is that it is possible for one person to get an increase in pay in a little over two years while another person would have to wait probably four years. Of course I appreciate that would be taken care of after everybody had renewed and all were in the same boat.

However, to come back to the tender system again, I think the quicker we get away from that system and adopt some other system the better it will be. I am not going to suggest for a minute that the matter should be left entirely in the hands of the Post Office Department and whatever government may be in power at the time, because a lot of political patronage could creep in under those conditions. Nevertheless I do think that the public tender system should be done away with at an early date. The awarding of contracts, rather than being done by public tender, could come under the civil service commission or some other body. Under the present system a person can apply by public tender and ask for an increase in two years' time, and it it quite possible that somebody who wanted to get a particular route could tender at much below the regular price accepted across the board and then ask for an increase in two years and under the present act have his pay increased by the officials to the average across the board.

I cannot see any danger in this amendment. As the Postmaster General has said, it is just making something legal that has been done for a long time. Finally, may I say that to my knowledge I am quite certain that in Ontario particularly there has not been any political patronage.

Mr. Michener: As the last hon. member has said, the purpose of this clause is to make legal what has been done for a long time. The amendment is to assure that it does not make legal anything more than that. I think the minister is quite prepared to accept the amendment if it does not destroy the effect of the section, whereby the substituted contractor is put in the same legal position as the retiring contractor. I have an amendment which the hon. member who moved the original amendment might agree to have substituted, or which I shall move as an amendment to the amendment.

The Chairman: Order. May I say to the hon. member that we have an amendment before the committee. Do I understand that the hon. member who moved the previous amendment is requesting that he be allowed to withdraw it?

Mr. Montgomery: Yes, I would be willing to do that.

The Chairman: Has the hon. gentleman unanimous consent to withdraw the amendment?

Some hon. Members: Agreed.

Amendment withdrawn.

Mr. Michener: In place of the amendment which has been withdrawn I move, seconded by the hon. member for Victoria-Carleton (Mr. Montgomery):

That clause 1 of Bill 351 be amended by adding after the last word the following words: "until the expiration of the term of the contract."

The minister will appreciate that this leaves the section intact. It has the effect of putting the substituted contractor in the legal position of the retiring contractor during the unexpired term of the contract but does not carry it beyond that, as the section would if it were left as it is. If the minister is prepared to accept the amendment, I shall say no more. If not, I should like to say a few words.

Mr. Lapointe: I quite agree that the amendment as worded by the hon. member for St. Paul's would have the exact effect that the member who proposed the previous amendment wanted to achieve. In fact, when I was answering the remarks of the hon. member for Prince Albert I said I could have thought of an amendment which would have attained his end and would have been more simple. However, I regret to say that we cannot accept the amendment, and there is one reason I want to mention which has not been mentioned up to now.

It has been the experience of the department that in most cases the transferee, the new contractor, the person who is willing to take over the contract, will not accept the transfer of the contract and assume the obligations of the original contractor unless he is put in the position of having all the rights of the original contractor. He will not take over for a short period of only six months, eight months or even two years without having some assurance that if he performs his work satisfactorily he will have the same privileges as the original contractor. Therefore when such a situation arises the department has to enter into temporary arrangements. The officials of the department go into the locality and try to find someone who is willing to carry on for the balance of the contract.

It is all very nice to say that the sureties under the original contract are bound, but it may be that they are not in a position to carry out their obligation. There is quite a bit of difference between being able to enforce a contract in so far as the persons who signed as sureties are concerned and making sure that the people get good service which, after all, is what we have in mind. Therefore we have to go about and make temporary arrangements, and it has been the experience over quite some years, I might say without exception, that these temporary arrangements are very costly to the department precisely because the person who is willing to enter into such arrangements knows that the duration will be very short. Therefore very often the balance of the contract will have to be executed at twice the cost of the original contract or what it would be if we simply transferred the contract as has been the practice in the past. We try to avoid these temporary arrangements as much as possible because of the high, uneconomic cost of such operations.

Mr. Michener: In view of the minister's unwillingness to accept the amendment, and I thought from his earlier remarks that he would, I should like to say a word or two about this section. The minister has referred to 3½ per cent of the contracts being transferred by this substitution method in the course of a year. As I understand it, these are four-year contracts, and if that is the case does that not mean that 12 per cent or more of the contracts in force are affected? In any event, it seems to me that if there is a diffidence on the part of some new contractor to come in and fill the unexpired term the proper course, if it is not worth while for the person to do that, is to call for a new contract in the usual way.

Let there be no mistake that the effect of this section, as has been said, is to make it unnecessary to call for tenders. A man can come into a mail delivery contract by substitution under this clause and at the end of the unexpired term his contract can be renewed just as though he had been the original contractor. He could go on then for a number of terms and serve in this capacity without ever having tendered.

This change would make it possible, if it were desired to do so, to bring about a situation in which a good proportion of the contractors in the country were serving without ever having tendered as required by the act. If it is desired to abolish the tender system, why not do it and amend that provision of the act? Let us not approach it through any back door. I think it is clear that this is a back door which could be used for the purpose of permitting a man to enter as a substitute first without having to tender, and then permitting the renewing of the contract without him having to tender, and that process could go on indefinitely.

On that account, as has been stated already, I object to this clause, as do many of us, and shall oppose it unless the amendment is put

in which keeps the tender system or brings it into effect when the unexpired term of the present contract is up for renewal.

Mr. Carter: Mr. Chairman, I should like to say a few words in support of what the minister has just said. I presume hon. members who have spoken are thinking in terms of the situations that arise on the mainland where the mail contractor carries the mail from the train to the post office; in other words, he brings the mail from the post office to the train, takes the incoming mail and brings it back. I do not know how lucrative these jobs are on the mainland and how much competition there is for them, but I can assure hon. members that in my province they are not very lucrative and that it is extremely difficult to get people to take them at all.

In Newfoundland, of course, we have an entirely different situation because most of our people live in communities scattered around the coast line, and the mail is brought by a coastal boat. You therefore have three kinds of contractors. You have one contractor who meets the ship at the wharf at the port of call and carries the mail from the wharf to the post office. He had previously brought the mail down to the wharf when the steamer entered the harbour. He picks up the incoming mail and carries it back.

That is one type. Then you have another situation where a carrier brings the mail from one settlement to the port of call. That is an extremely difficult situation. If the port of call, for instance, is A and the community is B which is, say, 10 miles away, the courier in community B very often has no idea at all when the coastal ship will arrive at the port of call A. He must take the mail there in time to catch the ship. That very often means that he must go several hours ahead of time, because after six o'clock the telegraph offices are closed, and he does not know whether or not that ship is going to come during the night. Hence he is obliged to take the mail there. The situation may develop that he is obliged to stay there all night. He may decide after twelve o'clock that the ship in not coming and, instead of paying his board and lodging there, go back to his own community B.

That means that the next day, weather permitting, he must come back again and pick up the mail the ship has landed after the ship is in. Hence it is an expensive proposition because it means that the courier, who is a fisherman, must lose a day's fishing sometimes. It means that he may get stormbound while at the port of call and be obliged to pay board and lodging overnight. It means all sorts of expenses that are not considered at all when these contracts are drawn up.

Then you have the third situation in which the mail is landed at a certain central port of call and you have a contractor who carries that mail around a circuit, calling at five or six different communities, probably travelling a distance of 40 or 50 miles. That is the most difficult situation of all because it involves all sorts of expenses, maintenance and vagaries of wind and weather which it is almost impossible to take into account at all, with the result that people who undertake these contracts soon find that they are losing money and they get out of them as quickly as they can.

I have had some cases in which we have not been able to get a postal service at all because we have not been able to find anybody who would carry the mail for what the post office considered a proper rate or a remunerative rate, considering the revenue which the service would yield.

As I said, some hon. members have expressed fear of patronage, but from my own experience I see very few opportunities for patronage in my province. The way the thing works there is that when a service is under contract, the regional supervisor or one of the local officials is the man who is obliged to search around and find out from the postmaster or some other people in the community who is willing to perform the service and for what price; and he is obliged to do a great deal of searching. When he has found somebody who is competent, with the necessary equipment such as a boat and so on—there is probably only one; there is probably nobody else interested—then he advises the authorities here in Ottawa who in turn advise the minister, and a contract is drawn up on that basis.

Very often the service is postponed and the contract is turned down because they cannot get a contractor to do the job for what the department is prepared to pay. In actual practice in my province I would say there is hardly any possibility of patronage. It is so difficult to get people to perform this service that if this amendment were carried, it would make the situation even worse and would cause hardship, particularly in my own riding.

(Translation):

Mr. Dufresne: Mr. Chairman, the bill now introduced by the Postmaster General is, I feel, quite dangerous.

In explaining the matter a while ago, the minister gave an example where, on the death of a rural mail carrier, this measure would allow the department to let the contract or

the unexpired portion of the contract to anyone it chose. The minister pointed out, for instance, that the members of the deceased contractor's family could very well carry on with the work since they were already in possession of the necessary equipment.

Still, Mr. Chairman, it seems to me that the contract being no longer valid from the time of the demise of the contract holder, the minister should call for new tenders. It could be possible, in this way, to bring about substantial savings. It is possible that some people would submit lower tenders. In the method we are asked to approve today, there is some danger that attempts be made to use political influence, which would be bad for the department and those who intend to tender.

Let us suppose, for instance, that someone signs a contract and dies the next day, It seems to me that the contract should automatically become void and that new tenders should be called so that those who had tendered on the original contract and whose tender had not been accepted could tender again. It seems to me that the department would save money by calling new tenders. If contracts are awarded for a period of four years, I think it would be very important that new tenders be called.

I am afraid that the minister's refusal to accept the amendment submitted by the hon. member for St. Paul's (Mr. Michener) implies that the department has in mind some purpose about which the house cannot obtain any information. I do not want to suggest that the minister is harbouring some ulterior motive, but I believe that several members realize the danger which would attend the practice now contemplated, and we want to warn the department against this bill.

Mr. Lapointe: Mr. Chairman, to answer briefly the hon. member for Quebec West (Mr. Dufresne), I would point out and repeat that we are not introducing a new practice; we are only putting into the act what has been the practice followed by all governments since confederation.

Mr. Dufresne: It is admittedly dangerous.

Mr. Lapointe: That it has been dangerous —I never heard the hon. member for Quebec West or his colleagues on the other side of the house complain about it so far. However, it must be realized that it is very hard to establish a general rule and to have it applied with equity to all cases because, as was pointed out by one of the hon. members from Newfoundland who spoke before my hon. friend, conditions vary in various parts of the country, in various ridings of the same province. While it is quite possible that in some places a swarm of interested tenderers answer every call for tenders for a new contract, in some other places it is quite impossible to find any tenderer at all. As a matter of fact, I know some cases in my own riding where for three years the department called for tenders and was compelled every time to make temporary arrangements because nobody was interested in this particular contract.

Now, another factor to be considered when the hon. member refers to the saving of money is that, according to the experience of the department for the past few years, every time we have called for new tenders, the contract has been awarded at a higher price than that paid to the former contractor. Moreover, as I pointed out just now, in answer to the remarks of the hon. member for St. Paul's, when temporary arrangements have to be made for a limited period, the cost is often doubled, because nobody wants to accept a temporary contract with the department, and to get the necessary material and equipment without being sure of keeping this contract for a long enough period so that, far from saving any money, this procedure would increase operation costs.

Mr. Dufresne: Would the hon. minister answer another question? For instance, as he was explaining just now, when a rural mail carrier dies and the department wants the contract taken over by some other person appointed by the Post Office Department, does the department award the contract to the new incumbent at exactly the same price as to the former contractor?

Mr. Lapointe: Yes, this is one of the conditions of the transfer; the new appointee must assume the discharge of the contract for the remaining period on exactly the same terms as those provided in the former contract.

Mr. Dufresne: I am satisfied with these explanations.

(*Text*):

Mr. Michener: I should like to ask the minister a question as to the application of this section. We have heard about the rural conditions, but I imagine from earlier answers that this section applies to some fairly sub-

stantial contracts in the cities. I am not just sure where the mainland begins, but I think perhaps Toronto is on the mainland. I understand that Prince Edward Island is not on the mainland, but wherever it may be what would be the annual value of the largest contract which could be dealt with under this substitution method? What would be the annual value of the largest contract for the conveyance of mail?

Mr. Lapointe: My understanding is that the largest firm contract for a definite period of time in an urban area is in Montreal, and that contract is for around $1 million. I have not the exact figures here.

Mr. Michener: Is that per year?

Mr. Lapointe: Yes.

Mr. Michener: Would it be possible for a contractor to hold more than one contract under the act?

Mr. Lapointe: Oh, yes, a contractor is not limited to tendering on only one contract. The fact that he has already executed a contract with the department does not prohibit him entering into a second contract.

Mr. Michener: Then in effect, Mr. Chairman, as I understand the answer a contract for around $1 million a year which is held by A could be transferred to B, with the consent of A and the minister, without any calling for tenders and from there on could be held by B in perpetuity without B having tendered for it. It seems to me that illustrates the danger of instituting a system by which contractors may be allowed, particularly where large sums of money of as much as $1 million are involved, to transfer their contract to another person.

While I am on my feet I should like to record another weakness of the section. As I understand the minister, this section has been used where the contractor has died and it is desired to make some family arrangement by which his apparatus can be used to complete the contract for the unexpired term. As the section now reads the contractor who has died must agree before the substitution can be made.

Mr. Lapointe: Every contract ties down the estate of the contractor. He contracts for himself and for his heirs.

Mr. Michener: I have looked in the act to see whether or not the definition of "contractor" includes his heirs and assigns but I see nothing to that effect.

Mr. Marler: It is elementary, is it not?

Mr. Lapointe: It is in the contract itself. Briefly, that clause says that the Dominion of Canada enters into a contract with... hereinafter called the contractor, his heirs, executors and administrators of the one part.

Mr. Michener: Mr. Chairman, with due respect to the interpretation the minister has given, this section should avoid breaking the law as it has been broken in the past and as I am afraid it will be broken in the future, because if this section is passed the law will be that the minister may substitute any person for the contractor under any contract for the conveyance of mail if the contractor and the person to be substituted agree. There is no mention of heirs, executors and administrators in the statute.

Mr. Lapointe: I am informed, Mr. Chairman, that the legal expert of the Department of Justice finds that the clause is sufficient to meet the point raised by the hon. member. Of course, as he knows, free legal advice is worth what you pay for it, but that is the only kind I can get.

Mr. Michener: Mine is free too, Mr. Chairman.

Mr. Hodgson: Mr. Chairman, without the amendment this bill leaves wide open another avenue of the patronage system. That is, when a man dies or quits his contract the patronage man in that little area can say, "Well, John Brown is going to finish out his term," and at the end of the term, whenever the four-year term is up, it will not be advertised at all and the contract can be renewed to that same man.

The hon. member for Burin-Burgeo and the hon. member for Lambton-Kent said there was no patronage in their areas in the Post Office Department.

Mr. MacKenzie: That is right.

Mr. Hodgson: Do you know the reason for that? It is because you are a Liberal member. If you were a Conservative member in a riding you would very soon see that there is lots of patronage used.

Mr. MacKenzie: Don't be silly.

Mr. Hodgson: I am talking about my own riding, and I think I know my own riding better than the hon. member for Lambton-Kent.

Mr. Regier: Mr. Chairman, last evening on second reading I attempted to be as reason-

able as I possibly could in looking at the request. I endorsed it on the understanding that I now realize only I had, that this was to fulfil only the unexpired portion of a contract and that at the end of that time tenders would be called.

At this time I fail to see any reasonableness in the minister's unwillingness to accept the amendment, which would merely ensure that at least once in the lifetime of every one of these office holders he would have to submit himself to a public competition, to bids. I see nothing wrong with that. I do not think anyone should be permitted to inherit a job. We do not have that in ordinary employment and I do not think we should have it in this type of employment either.

Some hon. members have mentioned the difficulties involved in getting any mail carriers at all in certain areas. There may well be areas of Canada where mail carriers are underpaid and others where they may be overpaid; and to have the occasional, at least a once in a lifetime, tender for each of these positions might serve a very useful purpose. It might bring those that are paid too much into line and in those areas where they are unable to get anyone to volunteer to take the position it might serve as a useful tool to convince the hierarchy in the Post Office Department that a higher rate of remuneration is necessary in that area. I fail to see any reasonable argument that the minister has put forth for his refusal to accept this amendment, unless he is willing to abolish the whole idea of calling for tenders, in which case the method now in vogue would have to disappear anyway.

The minister spoke of the difficulties in making temporary arrangements. That is no argument at all, because acceptance of the amendment would not add one single temporary arrangement to the deal. If there was no one willing to take over for the unexpired portion the minister would have to call for tenders in any event, and there would be no such thing as a temporary arrangement any more than is the case now. I feel very keenly that tenders should be called for, not necessarily at the beginning of a man's service but at least within a reasonable time; and I think it should be, as the amendment proposes, at the end of the contract period.

Mr. MacKenzie: Mr. Chairman, I want to say this one additional word. It has been suggested by various speakers that if this amendment carried no public tenders would be called at all and it would be a matter of perpetuity. Of course it does not work out that way, because what they are asking for has been in operation for many years and there have been a lot of public tenders called within the past few years, every year as a matter of fact. The main reason for that is that, in the rural districts particularly, carriers are underpaid and there are very few people who are willing to take over contracts on the present terms. Consequently there are many public tenders called.

I do not know if the minister has this information, but I wonder how many public tenders have been called for mail contracts, let us say within the last year?

Mr. Lapointe: I think the number of tenders called was roughly 1,500 in the last year.

Mr. MacKenzie: Fifteen hundred in the last year?

Mr. Lapointe: Yes, roughly.

Mr. Hamilton (Notre Dame de Grace): Mr. Chairman, on that point, the minister says approximately 1,500 tenders were called in the past year. Could he give us a breakdown as to how many of those were for new routes and how many were cases where a four-year contract had run out and tenders were being called again.

Mr. Lapointe: I am sorry but I do not have that figure. I have the number of tenders called for contracts but I do not know whether they were new routes or renewals or transfers for the unexpired portions of four-year periods. I do not have that breakdown, but I might be able to give it to the hon. member when we are discussing my estimates.

Mr. Hamilton (Notre Dame de Grace): May I point out this is most interesting. The parliamentary assistant took up from my remarks last night the fact that 162 contracts over $1,000 had been transferred in a 12-month period, and he read that into the record again today. The minister came down and had this all worked out to a decimal point, 3·6 per cent of the total number of contracts for that period, but he cannot tell us how many contracts expired at the end of a four-year period and were renewed by means of calling for tenders.

I will suggest right here and now, Mr. Chairman, that the minister probably is not anxious to bring that information into the house because if he did it would show that very few, if any, of these contracts are recalled for tender at the end of the four-year period, and that the department has been using this system of transferring contracts from one individual to another in order to pacify certain individuals in certain parts of the country and that is why they

are so anxious to hang on to it. I believe that is very obvious. If the minister were on top of his department, if he had any real intention of helping this house by having adequate information available for us when we wish to discuss a measure of this nature, he would have come here with a decent set of statistics.

We have asked only three or four questions relating to statistics in the course of the afternoon. What has happened? The minister says, "I think the biggest contract is one in Montreal for about $1 million." He did not know the answer to that. We asked him how many contracts were called for tenders in a given 12-month period and he replied, "I think there were about 1,500." He does not know the answer to that. We asked him how many of those were contracts for new routes and how many represented contracts which had expired and were being called for tenders again, and he does not even think about that nor attempt to answer it.

These are important matters in connection with an item of this kind, Mr. Chairman, and I suggest it is highly improper for a minister to come to this committee without complete information concerning the type of operation that is affected by a piece of legislation.

I am quite sincere in saying that. If a minister is going to come here and ask us to deal with legislation which affects himself and which has to do with the mail service of this country from one end to the other, I submit it is improper and unfair and unrealistic and unbusinesslike to ask us to do that on the high plane of a purely legalistic basis without any relation whatsoever to any facts. Every time we have asked for facts we have been given the answer "I do not know, but I think" or "I do not know at all." Having said that and just to sum—

Mr. Lapointe: By way of introduction?

Mr. Hamilton (Notre Dame de Grace): No, by way of introducing something which I feel should be brought to the attention of the minister and which I hope he will take to heart in an attempt to rectify this sort of practice in the future. When the estimates of the Post Office Department were before the estimates committee the departmental officials were present. We know from experience that they had all the facts available. You could ask those officials for the information you wanted and they were able to pop up with it. Each one came in with a stack of books. The minister is in exactly the same position today. He could have in front of him as many officials as he wished and they could have their books and records. Why he did not do it, I do not know.

By way of conclusion rather than by way of introduction, it does seem to me that the minister has demonstrated clearly this afternoon that he will not accept any amendment to the bill before the committee that would cause tenders to be called for when letting these contracts. As I understand it, we have taken the position that in the event of inability for whatever reason of a man to carry on a rural mail contract, certain temporary problems are presented. We are in sympathy with those problems and we understand what those problems mean. We say to the minister that he can place that contract where he wishes for the duration of the contract, provided of course that it is not placed at a higher rate.

However, if it was proper that tenders should have been called for the original contract, then we submit that it is proper that tenders should be called when the contract passes to a new holder. We feel that the proper time for that is when the four years of the contract have run out and the contract comes up for consideration. The minister has refused to give any consideration to such a course of action. As someone has pointed out, he has refused to give any adequate reasons.

His first reason is that disruption occurs when the original contract holder cannot carry on. We are prepared to go along with the minister on that. But there would be no disruption two months, six months or two years after that had happened. There would be plenty of time in which to call for tenders.

The minister has said, "We are not prepared to do this. We want the privilege once a contract has been let of getting our hands on it if we possibly can and placing it with someone we designate." It might very well have been that in the initial stages of this debate we considered these contracts as minor and involving perhaps $3,000 or $5,000; but as was brought out by the hon. member for St. Paul's, we find now that in some cases these contracts are quite sizeable. There is only one place that I know of where the department is operating its own mail conveyance system, and that is in Windsor. That is being carried on on an experimental basis and I believe consideration is being given to installing an experimental system in Ottawa. But in major centres like Montreal, Quebec, Halifax, Toronto, Winnipeg, Vancouver, Calgary, Edmonton and right down the line we find contracts of $50,000, $100,000, $300,000 and even $1,000,000. Any of those contracts are capable of being transferred under this legislation.

We are offering an amendment which would bring these things out in the open and

offer people a decent chance to tender. The government would then be doing its business in the way it should be done. Personally I think it is most regrettable that the government refuses flatly to follow a proper and legitimate course of action and attempts to hang on to the old system. It may be sanctified because it has been in operation since confederation, but it is not necessarily the sanctification of purity. Anything which will permit a $1,000,000 contract to lie around for the government to handle at its discretion is something to which this party is not going to agree.

Mr. Lapointe: Mr. Chairman, I think the hon. member for Notre Dame de Grace will admit that in putting forward his views in support of the amendment proposed by the hon. member for St. Paul's he may possibly have exaggerated. I think upon reading his own remarks the hon. member will find that he stated that the minister has refused to give information to the committee. That is a statement which the hon. member knows to be both untrue and unfair. If there is any hon. member who is in position to know what information has been available from the Post Office Department it is the hon. member for Notre Dame de Grace. The hon. member made more use of those facilities than any hon. member when the estimates of the Post Office Department were before the estimates committee, of which the hon. member was a member.

The hon. member will recall that I told the members of the committee that the officers of the department were there and that any information they wanted would be available and they could put any questions they wanted. I told the members of the committee that we would make everything as available as possible, and that whatever information was desired would be given. That was done. When the hon. member for Notre Dame de Grace accuses the minister of withholding information he is making a statement which is both unfair and untrue.

With regard to the propriety of the behaviour of the Postmaster General, I suggest that the hon. member for Notre Dame de Grace should be the last one to make a remark of that kind in this house.

Mr. Hamilton (Notre Dame de Grace): In view of the minister's remarks would he tell us, first of all, the exact amount of the largest contract which has been let under this system; second, exactly how many contracts were called for tender in connection with this section in any 12-month period ending in the last year; and third, how many of those contracts represented new routes and how many of those were contracts which had expired at the end of four years and were being recalled.

Mr. Lapointe: I repeat that I do not have all these detailed statistics.

An hon. Member: You should have.

Mr. Lapointe: I wonder whether I might be permitted to speak.

An hon. Member: I said, "You should have."

Mr. Lapointe: This is the kind of information that is asked for and is always given on estimates. I am not in a position to furnish detailed statistics about every operation of the Post Office Department, and I do not pretend to be able to do so. If I spent my time trying to secure these statistics I would not be doing the rest of the work of the department that I am called upon to do. These statistics are available and will be given to to the hon. member, but the hon. member has no right to say we are withholding information from him, and he knows it.

Mr. Dufresne: Why not give it this afternoon? It is in connection with the bill.

Mr. Lapointe: For the simple reason that it is impossible to foresee, as far as I am concerned—and I plead guilty if I am not capable of doing so—what type of detailed information might be asked concerning the whole operation of a department. That is what the discussion on estimates is for; that is what the estimates committee sat for at the demand of the opposition, and that was what was done before the estimates committee. When my estimates come back before the house I shall have that information and I shall be pleased to give it.

Mr. Michener: With respect to this section and its effect, I should like to ask the minister how many contracts in the Toronto area have been the subject of substitution under the practice which this section will approve, who are the contractors and what is the value of the contracts? If the minister has the information here, I shall be glad to have it; if not, I shall be glad to have it when it is available.

Mr. Lapointe: I shall endeavour to get the information.

Mr. Michener: I should be glad if the minister would take the greater Toronto area and indicate what contracts have been subject to the practice which this section will authorize for the future.

Mr. Lapointe: I shall get the information but I venture to say that would be very

limited, because this applies mainly to rural mail contracts—not necessarily but, in effect, mainly.

Mr. Diefenbaker: I thought the minister gave me that information for one year. He must have it before him.

Mr. Kirk (Shelburne-Yarmouth-Clare): I gave it for a one-year period for the contracts in all Canada, but I did not have it broken down by postal districts.

Mr. Knight: I have a question which I asked the minister before but which he probably missed. He will not have to look up any statistics to answer this one. Is there any logical reason, except inconvenience to the department—I think that was the expression that he himself used—in a case requiring a substitution to be made for a contractor under an existing contract, why at the expiry of that contract tenders should not then be called for the further duration of such contract? What is the reason? Is there any reason outside of the inconvenience the minister has already mentioned?

Mr. Lapointe: I did add that in such a case temporary arrangements have to be made to ensure the continuity of the service, and that these are very costly. They are much more costly than the regular contracts, so that purely from the economic point of view it is not a good practice.

Second, very often we cannot find a person with whom to make these temporary arrangements. I wish hon. members would believe me when I make the statement that there are areas in this country where nobody is interested in getting these contracts and the department has great difficulty in finding people capable of giving the good service that we wish to maintain.

Mr. Knight: I think the minister misunderstands me. I am assuming that the temporary arrangements have been made and have been in operation perhaps for a year or two. Then the date of expiry of the initial contract arrives. What is the logical reason why contracts should not be continued?

Mr. Lapointe: That is not a transfer but a temporary arrangement which has been made. Then at the expiration of that temporary arrangement tenders are called.

Mr. Montgomery: I did not quite get the minister's last answer. If it is as I thought it was, that is fine. Did I understand the minister to say that at the termination of a contract entered into by arrangement, tenders will be called?

Mr. Lapointe: Yes, if it is a temporary arrangement. Here is the point. I think I can clear up what my hon. friend has in mind. If the contract is transferred—

Mr. Montgomery: That is not temporary?

Mr. Lapointe: That is not a temporary arrangement. If the contractor ceases to execute his contract for one reason or another and there is no transfer, then we make a temporary arrangement with someone to ensure that, right from the date, the service continues, and that temporary arrangement may be for the balance of the contract or for a period of only one year if the contract had been in effect for only a short time. At the expiration of this temporary arrangement, tenders are asked.

Mr. Montgomery: The minister says it is expensive to enter into temporary arrangements. It is not an expensive arrangement to call for tenders. To call for tenders you have only to post a notice for three weeks. I presume that four or five weeks is the longest period between the time the contract comes up and tenders are opened or a contract awarded. I should like to know if I am wrong in that. I should like to have some idea of how long it takes.

Here is the point that seems objectionable. Let us say that Mr. A, who has a contract, has decided he is going to give up his contract. Invariably one of two things happens. Either he has his successor selected or he does not care who gets it. Supposing he has his successor selected, then the arrangements have been practically made between the two of them, and it has just to be either confirmed or disapproved by the department.

I should like to know who is going to decide in that triangle whether or not it is in the interests of the public to permit the second contractor, the man selected by the first contractor, to have that contract. It says here that the Postmaster General may do this, but I quite understand that the Postmaster General has to depend upon his advisers and he gets the best advice he can. I want to say right here that so far as my area is concerned better departmental officials could not have been selected. I have all the confidence in the world in them, but I believe that this very legislation is going to create a bigger problem for them than if the tender system were retained. I am satisfied of that.

Then there is another point. This is a country in which people should have a chance to tender on these things. If it is good business in the Department of Public Works or any other department to let contracts by tender, then it is good business in this department,

and I cannot agree with the hon. member across the way who said that he was against the tender system. Nobody can decide what I can do a job for better than I can myself if I have the equipment and am capable of doing it, and I think that is why the Post Office Department has operated so efficiently in the past. You have to give the Post Office Department credit for carrying out a big job and doing it economically, but it is because of the tender system in a great many instances that the service has been given at a price in the past. I agree that in many instances people do take carrier routes for less than they think they should get for them after they have them, but nobody forced it on them.

It is also a fact that once a tender comes up then regardless of who gets the contract there is no kick in the community if the man provides the service. There is another question here. Suppose A has assigned his contract to B and B starts driving the mail route and the people in that community are not very happy with the service he is giving. I should like the minister to answer this question if he can. How are you going to get the new contractor, the man who never had to tender, out of the job? How are you going to substitute for him? How are you going to handle that? That is the problem that bothers me.

Mr. Lapointe: In the case mentioned he would be handled, to use my hon. friend's expression, in the same manner as the original contractor would have been had his service suddenly become unsatisfactory. The general practice is that the people in the community complain to the postal authorities in the district. An investigation is then made and if it is found that the man is not executing his contract according to its terms and is not giving proper service he may be reprimanded if the matter is not serious or if it is serious the Postmaster General has the authority to cancel the contract in the same manner as he would with the original contractor.

Mr. Dufresne: And then call for tenders.

Mr. Lapointe: And then he would call for tenders.

Mr. Montgomery: The minister was asked to provide certain information and I understood he said he would give it to the members who had asked for it. I should like to have that information placed on *Hansard* if it can be done so that it will be available to everybody.

Mr. Lapointe: I will do that on the estimates.

Mr. Jones: The information given us this afternoon has to my mind changed the whole picture regarding the bill. We are now told that the contracts may be anything between $1,000 and $1 million. Obviously what applies to a $1,000 or $2,000 family contract or a small rural route would not apply to a $1 million contract. Therefore it seems to me that if the minister cannot accept the two or three excellent amendments suggested by the official opposition he should consider placing a limitation of $3,000 or $4,000 on the operations of this bill so that over and above that all contracts will automatically have to go to tender. I think there should be a limit if he will not accept the amendment suggested by the official opposition, and I ask the minister to consider placing such a limitation on the operation of the bill. In the meantime I suggest that we report progress and tackle the problem again after he has had time to think about the matter.

Mr. Dufresne: There is one thing I think we should make clear. A few minutes ago the minister said that all information was available from the various officials of his department. I agree that whenever we ask for information from the officials we are bound to get it and do get it, but all the information asked for this afternoon by the hon. member for Notre Dame de Grace or even by the hon. member for St. Paul's is absolutely in connection with this bill. We are being asked this afternoon to adopt a bill when we have not got the information necessary to study the bill. All the information sought is in connection with the bill. The minister claims that we can get all this information and no doubt we can, but I ask the minister to postpone third reading of the bill until members of the opposition have the privilege of getting the information they require.

Mr. Barnett: I find myself interested in the question raised by the hon. member for Okanagan Boundary. Like him I had thought in terms of the sort of contracts that arise from time to time in my own district. They are mostly quite small contracts and very often the conditions are such as other hon. members have been describing. The difficulty is to find somebody willing to take on the contract rather than the reverse being the case. But when large contracts in urban areas are involved it certainly puts a different light on the matter as far as I am concerned. I think that the minister should either agree to what the hon. member for Okanagan Boundary has suggested with respect to some limiting figure being placed on the application of this section or he should at least give some indication to the committee that the invariable practice of the department with regard to these large contracts has been and

will continue to be to call for tenders. Personally I am not familiar with the practice of the department in those circumstances, but as this matter has come up I for one would like to have some further explanation and discussion of this aspect of the question before the section carries.

Mr. Johnston (Bow River): May I also say that having been informed of the tremendous amount of money involved in these contracts I am of the opinion that this information only adds further to what I said previously about this being a very poor practice. The minister says that all he is asking is that a practice which has been in operation since 1867 be legalized. In effect what he is asking us to do is to legalize a thoroughly bad practice, and I think that is evident to all members of the committee. When you consider that contracts ranging from $1,000 to $1 million are involved, then surely there should be no objection by the minister to calling for tenders. If it has been the practice of the department simply to let these contracts on recommendation, then that in my opinion throws an entirely different light on the situation and only magnifies the problem with which we are faced.

I agree with the suggestion made by the member for Okanagan Boundary. If the minister will not do anything else, surely he should put a limit on contracts let in the fashion which he says has been the practice ever since 1867. That is a long time for a thorough bad practice to be kept in force in this country, and certainly we should not be asked to legalize such a terribly bad practice.

Mr. Bell: The minister put something on the record that I think should be cleared up. He suggested, and there is something in his suggestion, that the main reason he wished this amendment to be adopted in this form was that it was difficult to renegotiate contracts if they expired for various reasons towards the end of the four year term. In other words, if it were necessary to renegotiate in the last few months he might have difficulty in getting a new contractor to fill out the balance of the four year term if he could not promise him something more after the final expiry date. I suggest that the word "may" in the proposed new clause takes care of that and that the only weak defence that has been made is not valid because if a contract did fall through in the final few months the minister could at that time, if he wished, renegotiate a completely new contract. I therefore think there has not been even one small defence made this afternoon for this clause.

The Deputy Chairman: Is the committee ready for the question on the amendment?

Mr. Green: Mr. Chairman, may I suggest to the minister that, in all fairness, he should endeavour to obtain the answers to these questions which have been asked. I have been listening to them very carefully, and I think that all of them have to do with the subject dealt with in this bill. The minister has one of his officials before him. If that official does not have the information that is sought, the usual course would be for the minister to summon some other official who can give him those answers. I suggest to the minister that he should move that the committee rise, report progress and ask leave to sit again this day. By this evening he could have obtained the necessary information and then the difficulty will be overcome. But he really is putting the members on this side of the house who are dealing with this bill in an impossible position when he simply refuses to answer questions—

Mr. Lapointe: I did not refuse.

Mr. Green: —and says that they could have been asked in the estimates committee or that they can be asked when the estimates come up for discussion later on in the session. That is not the practice in this house, as the minister and all the rest of us very well know. Here we are dealing with a bill to amend the Post Office Act in one particular regard. It is an aspect of the Post Office Act in one particular regard. It is an aspect of the Post Office Act which has always aroused great interest. I have never yet failed to see a debate arise when rural mail was under discussion. There are many members in this house who are vitally interested. I urge upon the minister that he take time out now to get the answers to these questions. In the meantime let us get on with some of the other business that is before the house.

Some hon. Members: Question.

The Deputy Chairman: Is the committee ready for the question on the amendment?

Mr. Hamilton (Notre Dame de Grace): Mr. Chairman, earlier this afternoon the minister took umbrage at my having remarked that he refused to answer certain questions. In the course of his subsequent remarks—and I took down his words—in stating that he was open, and wanted to give us this information and everything else, he then went ahead to say that he did not have some of this information and he said, "I do not intend to" give this information to the house. Those were the minister's words. Those five words are the key to the situation, when the minister said, "I do not intend to". Those remarks

are on *Hansard*. I see the minister looks at me questioningly, Mr. Chairman.

Mr. Lapointe: Mr. Chairman, I certainly do not recall having said that I did not intend to give information to the house. The whole purpose of my remarks was just the opposite. I would be most surprised to find that I used those words.

Mr. Hamilton (Notre Dame de Grace): Mr. Chairman, I would draw the minister's attention to the fact that he specifically used those words.

An hon. Member: No.

Mr. McIlraith: Put them in context.

Mr. Hamilton (Notre Dame de Grace): The minister left us very specifically with the feeling—

Mr. Lapointe: Mr. Chairman, may I move that the committee rise and report progress?

The Deputy Chairman: And ask leave to sit again when?

Mr. Harris: Later this day.

The Deputy Chairman: Mr. Lapointe moves that the committee rise, report progress and ask leave to sit again later this day.

Some hon. Members: Carried.

The Deputy Chairman: Is it the pleasure of the committee to adopt the motion?

Mr. Dufresne: Does that mean that the minister will give us the information we asked for this afternoon?

An hon. Member: Sit down.

The Deputy Chairman: I am sorry to intervene. The motion having been put, I am afraid it is not debatable. It is, of course, votable. Is it the pleasure of the committee to adopt the motion?

Some hon. Members: Carried.

Motion agreed to.

Progress reported.

The Acting Speaker (Mr. Applewhaite): When shall the committee have leave to sit again? Later this day.

TELEGRAPHS ACT

AMENDMENT CONCERNING CONTROL OF SUBMARINE CABLE INSTALLATIONS

Hon. George C. Marler (Minister of Transport) moved the second reading of Bill No. 212, to amend the Telegraphs Act.

He said: Mr. Speaker, the purpose of the present bill, as is said in the explanatory note, is to provide for the control of submarine cables terminating in or passing through Canadian territory, excluding, however, submarine cables wholly under fresh water. My remarks, Mr. Speaker, will bear only on those that are affected by the bill, although I fully understand that in ordinary parlance the word "cable" would have a very extensive meaning.

I think it would facilitate the discussion of this measure if I were to set forth the pertinent facts so that the purposes the government has in mind may be clearly understood.

The part of the Telegraphs Act which deals with what the act calls "marine electric telegraph companies" and which prescribes the formalities to be followed by a company that desires to construct a telegraph wire or cable to connect any province with any other province of Canada or to extend beyond the limits of any province, was originally enacted in 1875. Section II of the original enactment—38 Victoria, chapter 26—provided that until (a) the company had submitted to the governor in council a plan and survey of the proposed site and location of the cable and its approaches at the shore and of its stations, offices and accommodations on land and of all the intended works thereto appertaining; and until (b) such plan, site and location had been approved by the governor in council; and until (c) such conditions as he thought fit for the public good to impose touching the said telegraph and works had been complied with, the company might not exercise any of the powers conferred upon it by the act.

Though more than 75 years have elapsed since the Telegraphs Act was first enacted by parliament, there has been no substantial change in the language of the section to which I have just referred, and consequently no change in the formalities that must be observed by a company which wishes to lay and operate a submarine cable. I think hon. members will agree that it does not often happen that an enactment remains unchanged in substance for such a long time. The fact that there has been no change in the formalities to be followed is, I believe, explained by the way in which improvements in the general field of communications have developed.

When the act was passed originally in 1875 a submarine cable had a very limited capacity. In fact, it seems that at that time a cable usually carried two simplex circuits, each capable of transmitting about 26 words per minute. As the years passed improvements were made in the quality of cable construction and it was found possible gradually to increase the capacity of cables, but I should like to point out that the increase was not extraordinary if judged by present-day standards. In fact, the ultimate appeared to have been reached in 1923 with the installation of what is called a nonloaded cable

which, with the adding of repeaters, carried six circuits with a total speed of 252 words per minute. This is equal to 42 words per minute per circuit.

I think I should add that the older cables also were improved by various means so that their capacity with two circuits is now about 84 words per minute. Loaded cables were first introduced across the Atlantic in the mid-1920's and they made it possible to increase the number of circuits in the cable and also the total speed of the cable to as much as 500 words per minute. I mention these facts in order to point out that despite the improvements which have been developed the capacity of a cable was such that, of itself, it imposed an economic limitation on the number of cables that might be laid and consequently upon the number of additional circuits that might be established to compete with those which had been previously laid.

A further limitation upon the laying of new cables resulted from the development of wireless telegraphy or radio. As hon. members know, improvements in this field of radio have made it possible, in a relatively recent period, to use radio both for the transmission of telegraph signals and also for telephone conversations. In fact, since the expansion of this form of communication began in earnest only two new trans-Atlantic cables have been laid.

About 1950 a new technique was adopted to increase cable capacity and in that year the first submerged repeater to be placed in operation on a trans-Atlantic cable was installed at a distance of about 170 miles from Newfoundland in a cable laid in 1881. There is no unanimity apparently among technical men as to the extent to which repeaters will increase the speed of a cable. Some believe they will double the speed and others that they will treble it. No doubt the rate of increase depends upon a number of factors such as the nature of the cable, the distance from the shore, the kind of repeater, and so on.

I regret that it has seemed necessary to deal with these somewhat technical matters which, at first sight, seem perhaps not to be entirely relevant to the bill in order to stress one point in particular, and that is through improvements, installed in the cable itself or elsewhere, the capacity of most if not all of the trans-Atlantic cables has been increased over that which they originally had when the formalities prescribed by the Telegraphs Act were accomplished and when the requested approval of the governor in council was given. In stressing this point, I express no criticism of the action of any company in increasing the capacity of one or more of its cables, because the Telegraphs Act does not seem to prohibit it from doing so.

However, I must admit some concern that as the act now stands, once the requested permission to land the cable has been granted its capacity may be changed, perhaps quite substantially, without either the knowledge or consent of the government. Perhaps if the change in the capacity of a cable were to remain within the range I have indicated there might not be cause for great concern or for legislative action. However, the progress of science has gone much further and the development of coaxial cables with built-in repeaters, and their use for trans-oceanic communication, have completely changed the whole situation.

Hon. members will appreciate the significance of this development from the fact that the new trans-Atlantic telephone cable which is now being laid between Newfoundland and Scotland, and which is expected to come into operation later this year, will have a capacity equal to about 40 times the capacity of all existing trans-Atlantic cables. In this project two cables are being laid, one in each direction, and the transmission of each of these cables is at present expected to have a capacity of at least 800 telegraph circuits at 60 words per minute each. I say that the new cable is at present expected to have a capacity of 800 telegraph circuits, but the estimated total number has increased over the original figure and it is possible that at a later date it may be increased further.

I would point out, Mr. Speaker, that in speaking of the capacity of the trans-Atlantic telephone cable, and expessing it in terms of the number of circuits as I have just done, I want to make it clear that its primary purpose is for telephone and not for telegraphic purposes. I have merely used the number of telegraph circuits in order to emphasize the word-carrying capacity, so to speak, of these modern coaxial cables in relation to those that have already been laid and are now in operation. But I think the most important point to be stressed in that connection is that the introduction of the coaxial cable with the built-in repeaters has completely revolutionized the whole picture of trans-oceanic communications. I hope that hon. members have appreciated the fact that this trans-Atlantic telephone project, in effect, involves the laying of two cables that have 40 times the capacity of all the other cables that are already in existence. I think that in those circumstances hon. members will appreciate the necessity of amending the Telegraphs Act in order to meet the situation.

At first sight, it might appear as if section 22—

The Acting Speaker (Mr. Applewhaite): Before the minister commences the second part of his speech, I might point out to hon. members that it is now five o'clock and the house will proceed to the consideration of private and public bills.

Mr. Marler: I have only two or three minutes more, and if I had consent perhaps I could finish my remarks.

Some hon. Members: Agreed.

The Acting Speaker (Mr. Applewhaite): With unanimous consent, the minister will continue.

Mr. Marler: Thank you. I was just saying that at first sight it may appear as if the provisions of section 22 of the Telegraphs Act give the governor in council all the authority that is required, and that by the simple expedient of either granting or withholding approval on plans, site and location of the cable, the government may permit or may prevent the laying of new cables. In fact, however, the matter cannot be resolved in such a simple way; first, because the problem does not always arise in a way that admits of a yes or no solution; and, second, because under the present act there is no continuing control or regulation of the actions of a company with regard to the cable itself.

I should like to emphasize that if one reads section 22 of the Telegraphs Act, it will be found that what is contemplated seems to refer to actions that must be taken and completed before the cable comes into operation. In a word, they do not appear to be of the continuing character that would prevail and continue after the landing permit has been granted and the cable comes into operation. The problem, moreover, is complicated by the fact that most of the trans-Atlantic cables that are landed at some point in Canada serve primarily for the transmission of messages between the United States and the continent of Europe, or for what may be called through traffic.

The cables comprise two segments, one from Europe to Canada and the other from Canada to the United States, but they do serve also, although to a much lesser extent, for the transmission of messages originating in or destined for Canada. This is a complication because in a given case there might be no objection whatever to granting permission for a cable to carry through traffic, while there might be very real and valid objections to the provisions of facilities additional to those already established to meet Canadian requirements. Or alternatively, it might appear desirable to limit the number of circuits to be opened in Canada. The present act does not appear to contemplate the attaching to the landing permit of conditions of a continuing nature and therefore does not seem to provide for revocation of the landing permit if the conditions are not observed.

The government believes that by establishing a licensing system it will be in a better position to deal more flexibly with applications for permission to land cables, to control the opening of circuits into Canada, and to regulate increases in the capacity of cables; and the amendment before the house has been drafted with these objects in mind.

There is one further point I wish to mention and that is the routing of messages originating in Canada. I am sure that hon. members share the feeling I have that it would be desirable if this business were routed to the cable heads in Canada over facilities located in Canada and owned and operated by Canadians. This would have the obvious effect of giving Canadians the maximum benefits to be derived from the business which they themselves originated.

Of course, I appreciate, just as I am sure hon. members do, that it would not always be possible for this to be achieved and that sometimes there would be reasons, such as the interruption of communications, overloading of facilities or other circumstance which might make it desirable in order to avoid delay that the traffic be carried over facilities in the United States; but in a general sense I think that Canadian traffic ought to move to the cable head by means of Canadian facilities. I feel sure the various companies operating cable facilities share this view and that so far as this is not now being done they will co-operate in helping us to achieve this objective; but I think I should point out that the proposed licensing system would enable us to exercise some measure of control over the routing of traffic originating in Canada.

I trust that with these explanations the bill will commend itself to the members of this house. May I add that if the bill receives second reading I shall then move that it be referred to the standing committee on railways, canals and telegraph lines.

PRIVATE BILLS

On the order:

Hon. W. E. Harris (Minister of Finance): Mr. Speaker, so far as I know it is not the intention that any of these bills shall be

called, although I speak subject to correction, and if that is so we might stand them all at one time.

The Acting Speaker (Mr. Applewhaite): If any hon. member of the house so desires, the public bills must be called one at a time but if there is unanimous consent we can revert to the business interrupted at five o'clock.

Some hon. Members: Agreed.

The Acting Speaker (Mr. Applewhaite): There being unanimous consent, the business reserved for private and public bills is considered as disposed of and the house will revert to the business interrupted at five o'clock.

TELEGRAPHS ACT

AMENDMENT CONCERNING CONTROL OF SUBMARINE CABLE INSTALLATIONS

The house resumed consideration of the motion of Mr. Marler for the second reading of Bill No. 212, to amend the Telegraphs Act.

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, in view of the fact that this bill is to go to the standing committee on railways, canals and telegraph lines there is no necessity to discuss it at any length at the present stage. I believe the minister is wise in referring it to that standing committee for several reasons. One is that there would appear to be some features about this activity which can be fully understood only after they have been explained by the experts and then I take it there may be some people who will be affected by this amendment who might wish to be heard before the committee and, of course, if the bill were dealt with in the house without being referred to the committee there would be no opportunity for such representations to be made.

We in the official opposition are curious about some aspects of this particular bill and while we are not opposing it at this stage we are reserving our right to do so in the event that the examination by the committee reveals the bill has features which in our opinion would justify opposition to it in the subsequent stages.

The minister opened his remarks today by pointing out that the Telegraphs Act has been in effect almost without amendment since 1875, a period of over 80 years. When he said that, it struck me as being rather strange that the bill having been so good originally and having been so good for over 80 years it should now be necessary to amend it and not by the usual type of amendment but merely by giving the government the power to license. In other words, here is another case in which we are establishing a licensing system to be fastened on the long suffering people of Canada. Apparently, judging from the minister's remarks, the main reason for taking this licensing power is to be able to limit the number of circuits. Evidently the government feels there are or may be too many cables and on that account there must be some power given to restrict them by licensing.

That would sound more reasonable if it were not for the fact the government itself is in the business in the shape of the Canadian Overseas Telecommunications Corporation, a crown company set up in 1949. It was set up at that time to take over external telecommunications but the minister of transport of that day on more than one occasion in the course of the discussion pointed out that it was not intended to give this crown company a monopoly. He may have been stretching his argument a bit but I find that at page 394 of *Hansard* for September 30, 1949, Mr. Chevrier had this to say:

> It was asked whether the bill would create a monopoly. My reply is no, the bill will not create a monopoly.

And then he repeated that on the next page. The Leader of the Opposition (Mr. Drew) had been referring to the possibility of the crown company being given a monopoly and Mr. Chevrier replied:

> In any event, whether it is or is not the case, the Anglo-American Cable Company and Commercial Cable Company are in direct competition with both Cable and Wireless, Limited and Canadian Marconi Company, Limited,...

The latter two companies were taken over by Canadian Overseas Telecommunications Corporation.

> . . . so there is no danger of a monopoly. From what I understand, in the international field exclusive of the commonwealth field there are telecommunication services, both wireless and cable, that are quite strong and quite competitive in these services.

The minister was questioned further about that when the bill went before the committee in 1949, and at page 10 of the proceedings of the committee of November 8, 1949, we find this:

> Some suggestion was made during the debate concerning monopoly. I will not go into that now because there are some technical officers here who will be able to do that. I do not think this nationalization will create a monopoly in any sense because there is a considerable amount of competition as it is now.
>
> Mr. McLure: May I ask the minister one question?
>
> Hon. Mr. Chevrier: Yes.
>
> Mr. McLure: Will this create a monopoly?
>
> Hon. Mr. Chevrier: It will not, in so far as Canada is concerned.

We had that very definite statement by the minister in 1949. Even at that time there

was some concern because there had been an agreement between various nations in the commonwealth with regard to telecommunications. In the very committee proceedings to which I have referred Mr. W. C. Connelly, superintendent of radio, Department of Transport, placed before the committee a memorandum relative to the subject under discussion. The memorandum points out that there had been an agreement reached between commonwealth countries for a reduction in the rates and that in that agreement the governments had agreed:

(a) to maintain the policy of concentrating overseas telegraph traffic on the systems of Cable and Wireless Limited and its associates;

That was one of the companies taken over by the Canadian crown company.

(b) to use their best endeavours to stop the circulation of traffic over foreign services using circuitous routes, and to resist the routing of traffic through foreign organizations not established in their respective territories where the Cable and Wireless Limited system has a suitable route which can carry the traffic;

I would point out the next two clauses.

(c) to continue the policy of resisting the authorization or opening of new circuits which would be detrimental to Cable and Wireless Limited or its associates in the British empire;

(d) to afford Cable and Wireless Limited and its associated companies overseas the opportunity of taking over on reasonable terms any external commercial wireless telegraph transmission services in the extra-European system at present operated by governments where or if such services compete with the companies' services;

That memorandum seems to be fairly clear as to the real objective in 1949 being to get a monopoly in external telecommunications services, and one wonders whether the amendment brought in today is not the next step to obtain that objective of a monopoly. There are other companies in the field which have been established for almost as long as the Telegraphs Act has been on the statute books of Canada and those companies are in a position to extend their services by way of additional circuits or to modernize their services. It may be that the real purpose of this bill is to force them out of business in Canada.

That brings up the question of whether the Canadian people are entitled to the benefits which would follow from fair competition, and I think that should receive the careful consideration of the standing committee. Any company operating under the Telegraphs Act is subject to drastic control, apart from the licensing control which the minister is now seeking to initiate. Such a company must obtain a charter from this parliament, and I believe they all have done so. Such a company must obtain a charter authorizing it to construct its cables.

[Mr. Green.]

That control is set out in many sections of the act. The minister referred only to section 22. That section, in referring to any company coming under the Telegraphs Act, reads:

The company shall not exercise any of the powers by this part conferred until

(a) the company has submitted to the governor in council, a plan and survey of the proposed site and location of such telegraph and its approaches at the shore, and of its stations, offices and accommodations on land and of all the intended works thereto appertaining,

(b) such plan, site and location have been approved by the governor in council, and

(c) such conditions as he thinks fit for the public good to impose touching the said telegraph and works, have been complied with.

That latter clause (c) gives the governor in council very wide powers. Section 24 provides:

(1) Before commencing the construction of any such telegraph or work mentioned in section 23, or of any buoy or seamark connected therewith, the company shall deposit, at the Department of Transport, a plan thereof, for the approval of the minister.

(2) In cases of emergency, for repairs to any work previously constructed or laid, the plan thereof shall be so deposited as speedily as may be after the commencement of the work.

Then section 25:

(1) The work shall not be constructed otherwise than in accordance with the plan as approved by the minister.

The section goes on to give the minister the power to remove the work if it has not been so constructed. Then section 26 provides for the use of lights and signals on ships used in connection with the work. Section 28 reads:

The minister may, at any time, at the expense of the company, cause to be made a survey and examination of any such work, buoy or sea-mark, or of the site thereof.

Section 29 gives the minister the right to recover any expense to which he is put by reason of checking the works of a company.

All these companies are also subject to control by the board of transport commissioners. As I read the act, the rates which they charge are subject to the approval of the board of transport commissioners. Section 31 reads:

(1) The company shall transmit all messages

(a) in the order in which they are received or in such order as the board of transport commissioners for Canada may require or direct, and

(b) at such rates as may be determined from time to time by the said board for the different classes of messages, or hours of the day or night during which such messages are transmitted, without discrimination within each class.

Section 32 provides:

The company may charge for the transmission of messages, and may demand and collect in advance such rates of payment therefor as are fixed by by-law of the company as its tariff rates and approved by the board of transport commissioners for Canada.

—giving the board of transport commissioners what appears to be full supervision of the activities of the company in the way of the charging of rates.

Now the minister proposes that there should in addition be a licensing control. He has given us no details of how that control is to be carried out. There is some suggestion that the crown company, Canadian Overseas Telecommunication Corporation, has a great deal to say in all these matters. Whilst, strictly speaking, the jurisdiction is given by statute to the Department of Transport, we hear rumours that the Department of Transport gets its advice from this crown company, which is certainly a competitor of the private companies.

We should be told in the committee whether the position is to be that the crown company is in effect to recommend the terms of the regulations and is to be the enforcing body. If that should come about, then we would have exactly the same position that has caused so much trouble in the radio field in Canada.

We should also be told in the committee whether this licensing control is to apply to existing companies already in the field or only to companies that enter it from now on. I take it from what the minister has said today that there is not much doubt that his intention is to cover all companies, no matter how long they have been in the business.

Does it also mean that all new outlets, all new circuits, are to be reserved to Canadian Overseas Telecommunication Corporation? That would have the result in the long run of putting the other companies out of business and creating a government monopoly. I believe that there is no such cable landing licence law in the United Kingdom and also that, whilst there is a law of that nature in the United States, it is not as far-reaching as the one now proposed by the minister. These details, too, we shall require in the committee.

I submit that we cannot be too careful in making changes at this time. On the surface they seem to be innocuous, but where we have had a business established for so many years and carried on in a satisfactory manner there should not be drastic changes made without very good reason, and in this particular case the fact that there is this crown corporation, with its officers no doubt anxious for more power and out to build their own empire, I think, makes it all the more necessary that we should be cautious before agreeing to make changes of this kind.

Mr. T. S. Barnett (Comox-Alberni): I have been generally aware that some of the technological changes to which the minister referred in introducing this bill have been taking place. It just so happens that the main terminus for the Pacific cable is in my constituency, and I know, from conversations I have had, the results of some of those changes, as far as Banfield station is concerned. I also had the opportunity of seeing one or two of the installations in the province of Newfoundland when I paid a visit to that province. So I can readily appreciate that the time may very well have come when some changes to the existing legislation are necessary and desirable.

Quite rightly this bill is going before the committee, where we can hear some of the technical explanations involved given to us. I do not intend to attempt to discuss it at any length at this stage. I think I should make clear, however, that, as far as those in this group are concerned, we consider telecommunication by submarine cable to lie very clearly in the field which one can regard as a public utility service, and it is desirable that such services should be provided either under some appropriate form of public ownership or under public control, and that will be the point of view from which we shall approach the consideration of this measure when it reaches the committee stage.

Just how adequate the measure that the minister is now proposing will appear to us when we enter into that detailed discussion in the committee, of course, I do not feel I can say at this moment, but I feel I should indicate that, generally speaking, as far as I have been able to understand the bill, we are sympathetic to the purposes it is designed to achieve. The only qualms I have heard expressed about the bill, as a matter of fact, from the members of the group to which I belong in the house have come from my colleague, the hon. member for Nanaimo (Mr. Cameron), who happens to have some of the poles that travel from the Banfield station crossing a piece of property he happens to own, and he is hoping that this bill will not interfere with the present rental arrangement he has with regard to those poles.

Probably the application of this bill and its effect are going to be more widespread on the Atlantic coast than on the Pacific because of the large-scale activities that the minister mentioned of the transmission of messages between the United States and Europe and because, of course, of the larger centres of population in eastern Canada from which communications overseas travel. Nevertheless, I shall be looking forward with great interest to the study which this bill will receive in committee, as I know will those of my colleagues who also sit on that committee.

Mr. F. G. J. Hahn (New Westminster): We in this group welcome the statement of the minister that he intends to refer this to the committee on railways, canals and telegraph lines, because it is only through that committee that we feel the bill itself will get the consideration it properly warrants.

There is one factor in the bill against which, I feel, we must guard, and it was brought out to a degree by the hon. member for Vancouver-Quadra (Mr. Green) when he suggested that this is another licensing bill. I feel that possibly its objective is to limit the field of communications to government-owned enterprises. We in this group cannot go along with what the hon. member for Comox-Alberni (Mr. Barnett) just suggested with respect to communications when he said that they should be handled by a public utility and therefore should come under public ownership. Rather, we consider that where we have technological advances such as the minister described the Canadian public certainly should receive the advantages of this technological progress, and we cannot support the bill if it is the intention to stop the progress in the field of communications in giving us all the good that we can expect from a healthy competitive system and not just a government protected operation.

We look forward to the government being in this public utility field only for the purpose of operating a cable where other private enterprises are not prepared to give service at a reasonable rate. The minister is sending the bill to the standing committee on railways, canals and telegraph lines, and I am sure that there he and his officials will be able to explain more fully the purpose behind the bill and possibly allay our fears concerning it. I hope that is so because I cannot see this group being in harmony with the setting up of a monopoly that would not give us the full advantage of the technological advances I spoke of earlier.

Mr. L. T. Stick (Trinity-Conception): Mr. Speaker, it may be new to some members of the house but the first cable was laid between Europe and a place in my riding called Heart's Content many years ago. We in Newfoundland had cable companies before you had a Telegraphs Act in Canada. The first company that laid that cable was called the Anglo Newfoundland Telegraph Company. Since then we have had Western Union, which has eight or nine cables coming into my home town of Bay Roberts, and we have the Commercial Cable Company.

Reference was made this afternoon by the minister to the first telephone cable laid between Clarenville and Scotland. I understand that the return cable from Scotland to Newfoundland will be under process of laying in a few days. All the companies I have named, with the exception of the last one, the telephone cable company, have been operating under charters from the government of Newfoundland for many years, and I think the terms of their charters are confirmed in the terms of union between Canada and Newfoundland. Unless this amendment affects the charters already granted, which I understand are included in the terms of union, and the operations of these companies, I cannot see how a monopoly can take place.

I rise to speak on this bill because it is a very important measure as far as our province is concerned. As long as there is no interference with the charters under which these companies operate in Newfoundland, I have no objection to the bill, but if this amendment in any way infringes upon these charters or curtails the operations of these companies I am afraid I shall have to oppose it.

This is very important for us in Newfoundland. I was at the laying of the trans-Atlantic cable last year. It is a very expensive undertaking. It is something which has been badly needed between Europe and America, and I understand that when the laying of the cable is completed some 30 telephone communications will be handled simultaneously. The traffic in communications between Europe and America is growing all the time. I am very glad that the minister is sending the bill to the committee so that these cable companies which have operated in Newfoundland for many years can make their representations to the committee and, if necessary, safeguard any of the rights they already possess. On that understanding I am in favour of the amendment provided it does not interfere with the operations of these cable companies which we had in Newfoundland long before you had a telegraphs act in Canada.

Mr. Deputy Speaker: If the minister speaks now, he will conclude the debate.

Hon. George C. Marler (Minister of Transport): Mr. Speaker, I am not going to attempt to deal with all the remarks that have been made but I should like to say one or two words before the debate concludes. In my remarks on the bill and in dealing with the history, so to speak, of the cables that now exist, and referring particularly to the trans-Atlantic telephone cable which is now in process of being laid, I particularly wished to stress the fact that technological developments, if I may call them by that name, have completely changed the picture from the time when the Telegraphs Act was adopted, when the word-carrying capacity of a cable was

distinctly limited, to the present time when we have cables of the nature of the trans-Atlantic telephone cable, a coaxial cable incorporating in it repeaters at intervals of approximately 40 miles apart, which has expressed in terms of telegraph circuits, as many as 800 circuits capable of carrying 60 words per minute each.

I cannot help thinking that this technological development makes it necessary for us to introduce legislation of the kind that is embodied in the bill now before the house. May I say to those who seemed to think that in the bill is the means of establishing a monopoly in favour of Canadian Overseas Telecommunications Corporation that it would not be necessary to adopt this legislation if the government had any such purpose in mind because, as I thought I made clear in my earlier remarks, by the simple process of saying no to all applications in the future to land cables it would follow that there could be no other cables added to those that now exist. Therefore if that had been the purpose it would not have been necessary to introduce this legislation in order to create the monopoly, to which the hon. member for Vancouver-Quadra (Mr. Green) referred. There is no intention, just as I may say there was no intention in 1949, of creating a monopoly in favour of C.O.T.C.

I had the occasion quite recently to read the debate at that time and to go over the evidence that was given by my predecessor. I do not think anything has happened in the meantime which would in any way invalidate the statements he made at that time.

The hon. member for Vancouver-Quadra expressed the fear that C.O.T.C. would be the regulatory body. I may say at once that no such thought has ever crossed the minds of those who have drafted the legislation or the officials of my own department. I should like to correct any impression that may exist that C.O.T.C. was our sole adviser in the matter of telecommunications. As the hon. member for Vancouver-Quadra well knows, there is a telecommunications division in the Department of Transport staffed with most competent officials, and when we need advice on matters in this particular field quite frankly it is not necessary for us to go outside the department itself. Consequently I can set at rest the doubts he may have in mind that C.O.T.C. would be the regulatory body either to enact or to administer the regulations which it is contemplated will be made if this legislation is adopted.

The next point was whether this legislation applies to existing companies. The answer to that question, of course, is that it is intended to apply to all companies operating cables, and it is not intended that it would merely apply to the operation of cables that might hereafter be laid.

The hon. member for Vancouver-Quadra (Mr. Green) also referred to legislation in the United Kingdom. My information on that subject is that in the United Kingdom, under the Telegraphs Act, the Postmaster General is empowered to grant written licences on such pecuniary or other terms as he may deem proper, either generally or in any individual case to any company, person or body to transmit telegrams. My understanding is that at the present time there are no licences in force for the cables from Canada to the United Kingdom and that they are, if you like, so to speak on the sufferance of the Postmaster General. That is not the situation in Canada. I am not suggesting that the situation should be that all other cables should cease to exist. Far from it. If we wanted to create a monopoly, as my hon. friend fears, we certainly would not have proceeded to do it in this way.

Mr. Speaker, I fully realize that this is a technical measure and that there are many associated questions of a technical nature. It was my thought, in referring it to the committee, that hon. members would have an opportunity of obtaining such additional information as they needed in order to come to the conclusion, I hope, that the legislation is sound and that it deals with a situation that has developed since the advent of the coaxial cable.

Motion agreed to and bill read the second time.

Mr. Marler moved that the bill be referred to the standing committee on railways, canals and telegraph lines.

Motion agreed to and bill referred to the standing committee on railways, canals and telegraph lines.

INCOME TAX ACT

Hon. W. E. Harris (Minister of Finance) moved the second reading of Bill No. 418, to amend the Income Tax Act.

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, the Minister of Finance has moved the second reading of Bill No. 418, to amend the Income Tax Act. This cannot be a repetition of the budget debate nor, as the Speaker said on June 29, 1955, can the debate on second reading of the income tax amending bill be in itself a miniature budget debate. Had the rule been otherwise, there are many

things that one would have wished to discuss at this time including questions as to the credit restrictions and other matters of a financial or fiscal nature which are calling for attention on the part of the house at this present time.

It is not always easy, Mr. Speaker, to define the principle of the annual income tax amending bill. It is an annual bill and, in this respect, it presents an annual problem. In fact, the income tax amending bill is almost always just a collection of individual amendments, some related to each other and some quite heterogeneous. I suppose as close as we can come to the principle of such a bill, Mr. Speaker, would be to say this, that the Income Tax Act should be reviewed and amended with a view to correcting injustices, weaknesses and oppressive effects.

It is desirable that there should be a periodical parliamentary review not only of what the government may consider each year to be necessary amendments to the Income Tax Act but of the Income Tax Act as a whole. When this act was first brought before the house to succeed the old Income War Tax Act, it will be remembered that the bill was referred to the banking and commerce committee and that that committee undertook a review of that legislation. That review was perhaps not as extensive as some would have wished it to be, but at any rate the matter came before one of the select committees of the house.

There are many people who consider that, when they submit proposals to the Minister of Finance or the government's financial authorities in relation to needed amendments to the act, those matters automatically come before the house. Hon. members, of course, well know that they do not necessarily come before the house at all. They do not come before the house unless the government chooses to bring them before the house in the income tax amending bill. I do not intend to repeat at length what I said on this subject last year as reported at page 5436 of *Hansard* of June 29, but I think that from time to time public hearings ought to be conducted by a select committee of the house—and I think the banking and commerce committee is eminently suited for that purpose—at which time the committee could review the entire act and receive representations by interested bodies which have a case to make with regard to any features of the act, any shortcomings in it or the administration of the act.

My next comment relates to the language in which our income tax legislation is couched. To an ever-increasing degree our income tax legislation becomes more complicated. The problem of interpretation of our tax legislation is becoming ever increasingly intensified. The act abounds in abstruse provisions, complicated sections, subsections, clauses, subclauses and provisos. It is written in terms that challenge the intelligence and understanding of specialists both of the legal and the accounting professions, and in many cases the co-operation of both is required in the interpretation of the provisions of the act. It is an unhappy paradox that the Income Tax Act, which most directly affects most people, is written in terms most difficult for them to understand. It may not be possible to go as far as one would wish to go in couching legislation on this subject in simple terms, but at any rate a serious effort ought to be made to do so.

This year, Mr. Speaker, the resolution preceding the introduction of the bill was perhaps the briefest that we have had. Certainly only three short resolutions were put before the committee of ways and means. The only three subjects which touched on the balance of ways and means and therefore found their way into the resolutions were proposals in relation to employees' profit-sharing plans, deduction of expenses of persons attending conventions, and depletion allowances. Those are all the matters of which the house was given advance information in the resolutions. Hence this year we approach a bill on which little information has been given at the preceding resolution stage.

I wish to submit to the house, Mr. Speaker, that our income taxes are too high. The minister has proposed no reductions in income tax this year. In the fiscal year which ended March 31, 1956 the government collected in personal income taxes $1,180 million.

In the fiscal year which commenced April 1, 1956, the minister has forecast that he will collect $1,265 million in personal income taxes. Similarly, under this same measure, the minister announced that collection last year from the corporation tax amounted to $1,035 million and forecast he would collect from the corporation tax this year $1,315 million.

Thus, it will be seen, Mr. Speaker, that out of expected revenues of $4,763 million in the present fiscal year, including $360 million of non-tax revenues, the Minister of Finance (Mr. Harris) expects to collect 26·5 per cent of his total revenue by means of personal income taxes and 28 per cent by means of the tax on corporations. In other words, sir, we are here dealing with a statute, the Income Tax Act, under which the minister this year proposes to collect 54·5 per cent of his total expected revenues, including those from non-tax sources.

This leads me to make a comment, sir, on what we now know of the fiscal results of the first two months of the present fiscal year. We have the figures already for the months of April and May. The minister, in his budget speech, indicated that he is basing his budget forecast on a gross national product of "about $28 billion". We now know that in the first quarter of 1956 the gross national product was running at the rate of $28·3 billion or perhaps a little more than the minister took into account at the time he made his budget forecast. The dominion bureau of statistics daily bulletin of June 21, 1956, contains this paragraph:

> The rise in Canada's gross national product which has been going on for a year-and-a-half continued into the first quarter of 1956, with the increase in the value of production from the fourth quarter amounting to close to 3 per cent after allowing for seasonal factors. This recent increase has raised the level of gross national product to an annual rate of $28·3 billion or about 6 per cent above the annual average for the year 1955 as a whole, and 11·7 per cent above the first quarter one year ago. The continued advance in the first three months of this year was mainly a reflection of a further rise in the physical volume of production, with prices on average showing only a small increase.

It is quite evident, Mr. Speaker, that if taxes continue at the present rate and if the gross national product is thus to increase, unless the spending machine is just to be turned loose, a very big surplus for the present fiscal year is now assured.

Look at the results of the first two months of the present fiscal year. In the months of April and May, 1956, revenues amounted to $780,500,000 and expenditures to $506,300,000, so that in those two months the minister had a surplus of $274,200,000. Now, we have been told often that you must not count surpluses before the end of the fiscal year, and that is quite true. We are aware as well that there are certain expenditures that bulk larger in the closing months of the fiscal year than they do in the earlier months. But surely it is a fair test to apply the results of the first two months of the fiscal year to those of the previous year.

In those two corresponding months of 1955, namely, April and May, the revenues that were collected in the treasury were $611,300,000 and expenditures were $474,700,000. The surplus for those two months was accordingly $136,600,000. You will see, then, that while expenditures advanced this year in the two months from $474,700,000 to $506,300,000, revenues showed a very much larger increase from $611,300,000 to $780,500,000. The surplus for the two months increased from $136,600,000 in 1955 to $274,200,000 this year. The surplus thus practically doubled for the two months. It is quite evident that given a continuation of the present high rates of taxation, a continuation of the present high gross national product without any deliberate turning loose of the government's spending machine, a very large surplus is assured for the fiscal year ending March 31, 1957.

I say, Mr. Speaker, that in view of these unchallengeable facts a reduction in the rate of income tax ought to be made now and ought to be made under the present measure. The government, in my submission, has no business, has no right, to go on exacting this very high rate of taxation when the end result is going to be a huge surplus of revenues over expenditures.

May I call it six o'clock, Mr. Speaker?

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. Fleming: Mr. Speaker, I had reached the point just prior to the dinner adjournment where I had submitted to the house that there ought to be a reduction in the income tax at this time. The failure of the present bill to make any provision for a reduction in the income tax must be measured against a background which is pressing on the attention of thinking Canadians these days with increasing seriousness.

Canada is suffering today from a lack of risk capital. In the first three months of 1956 Canada suffered a substantial current deficit which has been described in the daily bulletin of the dominion bureau of statistics of June 15 as follows:

> Canada's current deficit from transactions in goods and services with other countries rose to a new peak for the first quarter of $345 million. This compares with $174 million in the first quarter last year and $255 million in the fourth quarter. This is about the same size as the highest quarterly deficit yet to appear which occurred in the second quarter of 1951. In relative terms too, the deficit is much higher than last year when it averaged almost 12 per cent of current receipts. At 25 per cent of current receipts it now represents almost the same proportion of current receipts as in 1930.
>
> The new factor contributing to the large deficit was the massive size of the import balance on commodity account which amounted to $190 million. The deficit from all other current transactions of $155 million was slightly less than in the corresponding quarter last year. Until recently the principal elements in the current deficit in the past few years have originated in these "invisible" transactions in the absence of surpluses on commodity account. But since the fourth quarter of 1955 the appearance of a large import balance on commodity account has contributed greatly to the over-all current deficit and in this year it has been the major element for the first time since early in 1951.

That commodity trade deficit, Mr. Speaker, has reached very alarming proportions. In the entire year 1955, Canada had an over-all trade deficit on commodity account of $360 million, and in our trade with the United States alone Canada sustained a trading deficit of $840 million. In the first quarter of 1956, on commodity trading account, Canada sustained an over-all deficit of $190 million and in our commodity trade with the United States a deficit of $400 million. That was in the first quarter of this year; our deficit on commodity trading account with the United States was half what it was in the entire year of 1955 when this tremendous deficit of $840 million was incurred in our commodity trading account with the United States.

How is this deficit being paid? How is it being financed? It is being financed, Mr. Speaker, by borrowing capital from abroad and in effect as a nation we are going into debt by importing capital in order to pay for a current deficit in our trade. We are buying so much more from the United States than we are selling to her that we are paying for the difference, we are meeting the deficit, by borrowing in the form of imported capital.

As many distinguished and thoughtful Canadians are pointing out today, the most pressing need in our whole national program of investment so far as the source of capital for that program is concerned is of more Canadian capital for that purpose. Some leading Canadians have stressed this in recent days. For instance, at the conference of the investment dealers' association of Canada held last month at St. Andrews, New Brunswick, this note was sounded by several leaders in the industrial life of this country. Mr. Thomas W. Eadie, the president of the Bell Telephone Company of Canada, speaking of the tremendous need of capital for expansion in the next 25 years, said:

> I see no reason why the major part of this vast sum should not be obtained from Canadian sources.

Mr. W. J. Bennett, the president of Atomic Energy of Canada Limited, speaking of the need for capital to finance development in the future, said:

> I hope that a substantial part of this financing will be supplied by Canadian investment houses.

The report in summary concludes:

> All speakers during the two days of business sessions predicted a big year ahead for Canada, a busy time for the investment business, and stressed the need for Canadians to invest in their country's growth.

Sir, where is the capital coming from Canadian sources to invest in this country's growth? There is only one source and that is in savings; the savings of the people or the profits of enterprise, either corporate or personal.

The amount of capital that is going to be available in these forms depends on how much is left in the hands of those who earn after the Minister of Finance (Mr. Harris) has taken his tax cut out of those earnings. If we refer to the recent publication of the dominion bureau of statistics, national accounts, income and expenditure for the first quarter of 1956, we see on page 13 some interesting figures with regard to total personal savings.

In the year 1953 the total personal savings in Canada amounted to $1,588 million. In 1954 that figure had dropped substantially to $965 million. In the year 1955 it had risen somewhat to $1,312 million. In the first quarter of 1956 it was just $209 million. Now, that happens to be a little more than in the first quarter of 1955 but it is substantially less than the quarterly average for 1955 and correspondingly less than the quarterly average in some of those preceding years to which I have referred. Therefore, I say, Mr. Speaker, the need of creating Canadian capital, having regard to the needs of developing the resources of this country, is more pressing than ever before. If Canadian capital is to take a fair share and part in the development of the resources of this country it can come about only through the means of savings and they depend entirely on how much the Minister of Finance is going to leave of the earnings of people of this country after he has taken his tax cut.

Canadians have a high standard of living; they spend quite freely. Then where will they save? There is no relief in this bill from the present too high rate of income tax in this country. It is inevitable that we shall continue to lack Canadian capital as long as we have in this country the present crushing burden of income taxation. A reduction in the rate of income tax is very badly needed at the present time but none has been forthcoming and apparently Canadians for this purpose must await the election exigencies of the government.

I would like to conclude what I said on second reading of the bill, sir, by pointing to ten matters which should have been dealt with in the income tax amending bill this year but which have escaped attention on the part of the government.

The first, of course, is the fact that there are no tax reductions; I have already dealt with that.

The second is that no provision has been made for increases in the exemptions. These

exemptions of $2,000 for married persons and $1,000 for single persons have been in effect now for a very long time. Similarly, the exemptions of $150 for a dependent child under 16 years of age and $400 for a dependent child of greater age have been in effect for a very long time now. Those exemptions go back to the days when the Canadian dollar had some real value but they do not fit the situation today, and the Minister of Finance might well address his efforts and his thinking to the necessity for granting reductions in taxation by taking that first step of proposing to the house an increase in the present exemptions. We were reminded by a very distinguished Canadian tax authority just a fortnight ago that the man who was earning $5,000 before the war must make $10,480 today or his financial position has deteriorated. That was the statement of Mr. J. Harvey Perry, director of the Canadian Tax Foundation to a joint convention of the General Accountants Association of Canada and the Certified General Accountants Association of Ontario on June 16. He added:

> Most people are working as hard as they can but it doesn't seem reasonable that 30 per cent or 40 per cent of every dollar they earn goes to government—it's discouraging.

So I submit that the minister should have proposed an increase in these exemptions.

Third, this bill proposes no definition of capital gains. I do not intend to go into this or other subjects at length, but I do wish to mention this subject. It has already had some discussion at an earlier stage in the present session. I simply wish to assert that very definitely a definition of capital gains is urgently needed in the Income Tax Act. It is a striking fact that our Income Tax Act contains no definition of "income" and similarly it contains no definition of what are capital gains. The income tax appeal board and the courts are now dealing with some very difficult cases in regard to what constitutes a capital gain as distinguished from income. The old judicial definitions are no longer adequate to protect from taxation under this statute gains which are of the nature of capital and should not be classified under modern conditions as income. I simply leave this subject with the quotation of the final sentence of a very brilliant discourse by Mr. H. Heward Stikeman, Q.C., on a recent occasion when speaking on the subject "The Vanishing Capital Gain". After indicating the number of rules that anyone must now observe if he hopes to preserve the capital nature of a gain, concluded:

> Only by some legislative act can the uncertainty which now exists be removed.

The minister had a golden opportunity this year to bring in an amendment to give an adequate definition to capital gains but he has taken no step in that regard.

Fourth, the minister has not proposed any increase in the present $20,000 limit set by section 39 of the Income Tax Act as the figure up to which corporate income is taxed at the lower 20 per cent rate instead of the 47 per cent rate. This figure of $20,000 as the maximum of corporate income for this purpose was set some years ago and it is high time, having regard to modern conditions and the depreciation of the dollar in the interval, that the maximum was substantially increased.

The fifth matter is the subject of contributions for pension purposes by recognized groups of self-employed. This is not a new subject, as it has been discussed regularly at each of the last three sessions to my personal knowledge, but again the minister has not devoted a syllable to the subject in either his resolutions or his budget speech. Here is a problem urgently crying for redress. Under section 11 of the act it is permissible for employer and employees to provide for approved pension plans and to deduct their contributions to such plans from their taxable income. But in the case of the self-employed members of professional and other groups, there is no provision in our law today even where the group is clearly defined to enable them to enjoy similar benefits under the Income Tax Act.

This has been the subject of effective representations to the minister or his predecessor by a number of leading national professional and other groups such as the Canadian Bar Association, the Canadian Medical Association, the Canadian Dental Association, the national labour bodies of this country, the Commercial Travellers' Association of Canada, and many others, in concert. It is to be noted that remedial steps in this regard have been taken in the United Kingdom where an intensive study was applied by a royal commission to the problem, but here in Canada we continue to await some action on the part of the government. I am renewing the pleas which I made, and which others have made on previous occasions, that the government propose amendments to the act which will make it possible for well-defined groups of self-employed persons to enjoy the benefits now extended to employers and employees under the act in relation to contributions to pension schemes.

The sixth matter is the position of the tax-exempt spouse. I mention this briefly as I spoke on it previously on June 29, 1955, as reported on page 5436 of *Hansard* of that day. This matter was the subject of representations

made to the minister by the Canadian Chamber of Commerce in February, 1955, and the following was their proposal:

When the income of a wife is over $250 but below $1,000, the excess of her income is in effect added to the income of her husband through a reduction of his marital exemption. If the income of the wife is composed of dividends, the 20 per cent tax credit is lost. Accordingly, it is recommended by the executive council that in such cases the husband be allowed the 20 per cent tax credit on that portion of the dividends received by his wife on which he has to pay tax.

I submit that that is a sound recommendation, but it has received no recognition from the minister in the two budgets he has brought into this house since those representations were made to him. I say that the present measure is lacking in that it continues to ignore this problem.

The seventh problem relates to alimony or maintenance payments, and here a glaring injustice and inequality exists, one that has claimed the attention of the income tax appeal board as well as groups associated with social problems. Section 11 (1) (l) of the act permits the deduction by a taxpayer of an amount paid in these terms:

(l) an amount paid by the taxpayer in the year pursuant to a decree, order or judgment of a competent tribunal in an action or proceeding for divorce or judicial separation or pursuant to a written separation agreement as alimony or other allowance payable on a periodic basis for the maintenance of the recipient thereof, children of the marriage, or both the recipient and children of the marriage, if he is living apart from the spouse or former spouse to whom he is required to make the payment.

The inadequacy of that definition has become more apparent during the past year than ever before. I am sure it has been brought to the attention of the minister and yet nothing has been done in the present bill to cope with it.

In the province of Ontario—I am sure the situation obtains in other provinces as well—if a payment is made by a husband toward the support of a wife, under a judgment of the Supreme Court of Ontario in an action or proceeding for divorce, then the amount may be deducted by the husband from his taxable income. But, if the money is being paid pursuant to an order made in the family court by a judge of that court acting with magisterial power under the Deserted Wives and Children's Maintenance Act, the payment that he so makes is not deductible by him from taxable income. Having regard to the fact that there are so many orders made in these cases in the family courts, you have some appreciation, Mr. Speaker, of the extent of the problem and the injustice that is created in such a multiplicity of cases.

That is one aspect of the problem. There is another. Last October a case came before the income tax appeal board and was adjudicated upon there by Mr. Commissioner Fordham. In a judgment that he handed down on October 12, 1955, he is quoted in the press as pointing out that the law now allows deduction of alimony payments only where there is a judicial separation or divorce; otherwise, alimony is not deductible, and in Ontario there is no such thing as judicial separation. His judgment proceeded to draw attention to the weaknesses of the present act and the injustices created by the definition that I have quoted.

For my part, I had assumed that, when that matter came to the public attention in such a direct way in the judgment of Mr. Commissioner Fordham, the Department of Finance would have taken note of the problem and we should have had before us now some new definition of alimony so that the injustice now so apparent might be remedied; but the present bill is silent on this subject as well.

Mrs. Fairclough: He said that it was an obvious oversight in the drafting of the act.

Mr. Fleming: My hon. friend from Hamilton West reminds me that Mr. Commissioner Fordham referred to this matter as an obvious oversight in the drafting of the law. These were his words:

This matter reveals for the first time, where the board is concerned, what appears to be a remarkable and unfortunate oversight in the drafting of (the law).

Although alimony, as such, is clearly deductible by the payer when a court has made an award of alimony in a decree, order or judgment for divorce, or a husband and wife have executed a separation agreement providing for the payment of alimony, . . . (the law) does not take cognizance of an action for alimony alone.

The matter is one that would appear to merit early consideration by parliament, as the fact that the appellant's wife sued for alimony alone and not for a divorce as well, presents an extraordinary ground for having to refuse the husband the right to deduct the amounts of any alimony payments from his taxable income.

This is a palpable and manifest injustice, and only parliament can correct it. It is not something that occurred to the members of this house when that definition was first introduced into the Income Tax Act. It surprised me not a little, in the face of that clear exposition of the problem by Mr. Commissioner Fordham as long ago as last October, that the subject has not been deemed by the Minister of Finance worthy of redress.

The eighth matter in which this bill is lamentably lacking is the want of clarification of foreign exchange transactions. This matter has been before the department actively

within the past year, and yet the subject is ignored in the present bill.

The ninth matter I should like to mention briefly is the subject of the so-called "nil" assessments. It is an extraordinary fact that, in the cases where the notice of assessment is issued showing the word "nil" in defining the amount remaining to be paid, it has been held that that is not an assessment at all. I am sure that must shock the sensibilities of most people. When they receive their notice of assessment—and most of them, I have no doubt, come in this form—and the word "nil" simply appears under the heading "balance payable", most people would certainly conclude that that was an assessment. It appears on a notice of assessment; but the courts have ruled on various occasions that that so-called "nil" assessment is no assessment at all, and therefore any correcting assessment at a later date becomes the original assessment.

This situation has left many persons and many business enterprises up in the air, in a condition of uncertainty as to their tax position, and it is creating much difficulty and suspense. Surely this is something that calls for redress, and yet it likewise has escaped attention on the part of the minister in the present bill. This has important results, of course, as all hon. members will appreciate, in determining the date under various provisions of the Income Tax Act from which time runs. I think it shocks the sensibilities of most members to find that a nil assessment is no assessment at all. That is something that calls for redress. In view of the finding of the courts, redress must come from parliament; yet the government offers parliament no opportunity in that regard this year.

The tenth and final matter that I should like to mention relates to an injustice that exists under section 116 (4) of the act and has been drawn to the attention of the government already on behalf of the Canadian Bar Association. Let me interject here that in selecting these ten subjects I am not suggesting for one minute that they exhaust the shortcomings in the present measure or the list of subjects urgently calling for redress in our income tax legislation; but, time being short and some of these other subjects having been touched on before, I shall not go beyond this last of my group of ten. Section 116 (4) provides:

> The minister may, if he considers it advisable in a particular case, accept security for payment of taxes by way of mortgage or other charge of any kind whatsoever on property of the taxpayer or any other person or by way of guarantee from other persons.

Here is an actual situation that has arisen. A mortgage was taken by the minister and registered as a second mortgage. There was already a valid first mortgage registered against the property of the taxpayer. The first mortgage having fallen into arrears, the first mortgagee sought to enforce his security. He sought to take foreclosure proceedings but he found that, while he could foreclose the owner of the equity of redemption, he had no power to take action to bring about a foreclosure of the second mortgage held by the minister. It may possibly be that he will have the right to sell under his power of sale, and in that way wipe out the second mortgage held by the minister. That may be a debatable point; I am not expressing any opinion on that subject at the moment; but the fact is that, if the first mortgagee in that case wishes to take the normal proceeding of foreclosure, he has no way at all of bringing about foreclosure on that second mortgage held by the minister. That is something that calls for redress. It is not fair, and that subject, although known to the minister and his department, has escaped all attention in the present bill.

So, Mr. Speaker, while the bill may look long in terms of bulk, and while many of its provisions are remedial in form and intent and will certainly have support on that basis, nevertheless there are many shortcomings in the bill. There are many injustices in our income tax legislation crying for redress which it lay within the power of the minister to propose in this measure but which have escaped the attention of the minister and of the department. I hope, Mr. Speaker, that the day is not far removed when some minister of finance will have the courage to grapple with these problems and bring forward legislative proposals for the redress of them.

Mr. A. M. Nicholson (Mackenzie): Mr. Speaker, I am afraid I have very little in common with the hon. member for Eglinton (Mr. Fleming). He said a number of things which I cannot accept. He complains about the income tax in Canada being too high. He says that Canadians have a high standard of living. I think it is a mistake to make general statements of that sort. Some Canadians have a very high standard of living. A great many Canadians have a standard that is not high enough.

Mr. Fleming: I think the hon. member will agree that I was speaking about national standards in relation to national needs of capital and national needs of saving, and it was a matter of comparing them with other countries.

Mr. Nicholson: I think the suggestion of the hon. member that we should be giving relief to the people who are fortunate

enough to be paying income tax is not the type of suggestion that should be made seriously at this particular time. It is true that the over-all Canadian economy is very buoyant. The hon. member for Eglinton referred to the last national accounts which have come to us, and while he was concerned about the slight drop in savings I think he might have mentioned that personal disposable income is up over 10 per cent for the first quarter of 1956 compared with the same period a year ago.

At the supper hour I received in the mail the Carrot River *Observer*. There is a publisher's note intimating that although he has been a newspaper publisher for 13 years and has been in Carrot River for eight years the last issue of the *Observer* will come out about the middle of July. The editor is leaving for the city to take a secretarial course for the next ten months. This points up the crisis that confronts agriculture. The people who have been supporting this newspaper derive their livelihood from agriculture, and there is no future for a newspaper in a farming community if the farmers are in the position that farmers all across Canada now find themselves. That should be a matter of some concern to us.

I should like to draw the attention of the house and particularly that of the member for Eglinton to the recent bureau of statistics paper on the distribution of non-farm income in Canada for 1954. A year ago I used a similar paper that dealt with income for the year 1951 and at that time a number of hon. members said: "Oh yes, but the position now is a good deal brighter than it was in 1951." What is the position in 1954? For the purposes of this study the family is defined as follows:

> . . . a group of individuals sharing a common dwelling unit and related by blood, marriage or adoption. Thus, all relatives living together were considered to comprise one family unit whatever the degree of family relationship . . .

Then there is the following with respect to the definition of an individual:

> "Individuals" in tables 14 to 23 are defined as all persons aged 14 and over receiving income in 1954 and whose major source of income was from sources other than farming or military pay.

This leaves out of consideration the 20 per cent of the Canadian people who are engaged in agriculture and who are in a depressed condition as has been pointed out before. But here we have the non-farm people. The Minister of Finance (Mr. Harris) does not consider that a single person earning under $1,000 a year should have to pay income tax. I think it would be a logical conclusion that for a single person $1,000 is the minimum that a citizen should have if he or she is going to be able to get a fair share of Canadian income. But what percentage of Canadian individuals are getting less than $1,000 a year? We have a breakdown here according to regions. In the Atlantic provinces 54 per cent of individuals are getting less than $1,000. In Quebec the position is better in that there are 38.4 per cent who are getting less than $1,000. In Ontario the figure is 36.7 per cent, in the prairie provinces 42.2 per cent and in British Columbia 49.5 per cent.

I submit, Mr. Speaker, that with percentages of individuals getting less than $1,000 a year ranging from 36 per cent in Ontario to 54 per cent in the Atlantic provinces we should be worrying about this large sector of the Canadian economy rather than the fortunate Canadian citizens who are able to pay income tax. Let us look at the next group, the families, and I am going to refer to the percentages of families in Canada who are receiving less than $2,000 a year. In the Atlantic provinces 39·8 per cent are receiving less than $2,000 a year. In Quebec the figure is 16·6 per cent, in Ontario 9·8 per cent, in the prairie provinces 17·1 per cent and in British Columbia 17 per cent.

In a country as prosperous as Canada I am sure this is a matter of real concern to the Minister of Finance who should be regarded as the individual who is trying to see that the fiscal policy adopted is such that the 15 million people who live in Canada may have a fair share of the wealth produced by the activity of all our people and that the people in the different regions should, as a result of the fiscal policy, be able to do something about their general position.

In addition to the figures I have given regarding the position of Canadians generally, which I am sure is a very different position from that which the member for Eglinton has in mind, I should like to refer to the Bank of Canada statistical summary for April of this year and in particular to the report on consumer credit outstanding. At the end of the last quarter of 1951 charge accounts in stores stood at $283 million, and at the end of the last quarter of 1955 they were $376 million. Then we come to instalment accounts with retail dealers. For 1951 the figure was $123 million and by the end of the last quarter of 1955 it was up to $377 million. For finance companies this amount has jumped from $186 million to $610 million. Totalling all these, for charge accounts, retail dealers and finance companies the amount has increased from $309 million to $987 million. Those of us who remember the disastrous depression that occurred in the thirties and the crash that occurred in the late twenties should remem-

ber that one of the warning signals that was so obvious then was the disturbing increase in credit buying and the percentage of the expendable income that had to go to pay interest on debts which were mounting. The total for these selected items is shown as being $973 million at the end of December, 1951. That figure at the end of 1955 stood at $2,193 million. I therefore submit, Mr. Speaker, that with this large group of Canadian people who are not getting enough to pay income tax, the minister should not be unduly concerned about the fact that some Canadians are worrying about their corporation profits. The last report on corporation profits that I received from the bureau deals with the last quarter of 1955. It says this:

> Corporation profits after taxes in the fourth quarter of 1955 rose an estimated $153 million or 53 per cent from $291 million in 1954 to $444 million in 1955. Cumulative profits after taxes for the 12 months of 1955 increased an estimated $426 million, or 35 per cent, over the corresponding period of the previous year, from $1,230 million in 1954 to $1,656 million in 1955.

The last taxation statistics supplied by the Minister of National Revenue (Mr. McCann) give us some interesting tables with regard to Canadians who pay income tax. I wish hon. members would keep in mind these figures which I gave and which show that in the maritime provinces 54 per cent of the individuals received less than $1,000. When it comes to those who pay income tax there is an interesting table showing the breakdown according to occupations. Medical doctors head the list with an average income of $11,200. Consulting engineers come next with $10,200. Lawyers and notaries are down a little bit with $9,900; accountants, $8,000; dentists, $7,400 and so on down the list. At the bottom of the list come nurses with $1,800. If you average out the incomes that are given by those who pay income taxes, you will find an average of $3,143. There is another breakdown giving the percentage of our people in these various categories.

Before the minister hastens to give relief to those who are paying income tax, I think it is imperative that he evolve a fiscal policy so that, some way or other the large number of Canadians who have never paid income tax may be placed in a position where they have ways of spending money so that we do not have in the maritimes, for example, 33 per cent of individuals under $500 and in Quebec 22 per cent under $500. The minister must do something about the situation where 90 farmers out of 100 in Canada do not receive a taxable income. I submit that he has machinery available so that assistance can be given.

I hope he will not take too seriously the 10 suggestions made by the hon. member for Eglinton (Mr. Fleming). I was not able to estimate what reduction in the federal revenue would result if these proposals were acted upon. I am not going to make any suggestions to the minister as to where he should cut down. At one point the hon. member for Eglinton complained about the amount of money the people of Canada are paying in taxes. In view of the fact that the official opposition makes that criticism so often and never suggests a five-cent piece that could be saved in connection with the discussion of any particular estimate, I think it is not too constructive to suggest that the people of Canada are complaining about the taxes they are paying. I think the people of Canada want to be satisfied that the taxes they are paying are being spent wisely. I think they want to be satisfied that the old people and the young will get more favourable consideration than they are now receiving. I am not even going to press for the proposal that the hon. member for Winnipeg North Centre (Mr. Knowles) has made so frequently, namely that the 3 per cent floor relationship to the deductibility of medical expenses for income tax purposes should be included. This matter has been discussed and while the hon. member for Winnipeg North Centre made a very good case, it has been turned down. I am not going to press for this small percentage of Canadian people having relief in this particular connection.

I find that a year ago, when this matter was before us, I made some study of the position of the people who are paying large amounts in corporation taxes and personal income taxes. I find that the taxpayer who has an income of $100,000 a year is really asked to make a substantial payment to the income tax authorities. But I think most people will agree that if you are in that fortunate position where you have a taxable income of $100,000, you would not worry so much about how much you had to pay so long as you had a sizeable amount left. It appears to me that with $163 per day for 300 days in the year left for yourself, you should not complain too much. I find that a taxpayer who has an income of $200,000 a year, although he pays a large amount in dollars, has left $261 a day. I find that a taxpayer in a higher bracket still, one with $400,000 a year income, has left $419.38 per day. I therefore submit that, in planning for the future, the Minister of Finance (Mr. Harris) should keep in mind the fact that no nation can long survive with one group of people as prosperous as are one section of the Canadian people while such a large number of the Canadian people have not been able to get in a position—as single people or as

married individuals—where they are able to pay income tax of any sizeable amount.

Mr. Solon E. Low (Peace River): Mr. Speaker, I do not wish to take much time on the bill that is before us, but I think there are some things that ought to be said at this stage in the hope that the Minister of Finance (Mr. Harris) will give them his earnest consideration and that perhaps, by the time we get to the discussion of the bill in committee, he will be prepared to give consideration to one or two proposals that I intend to make. I am glad to have the Minister of National Revenue (Mr. McCann) here to hear what I have to say on one feature of the bill because he is charged with the responsibility of administering the Income Tax Act while the minister is charged with the responsibility of dealing with financial policy as reflected in it. Now, I do not wish in anything I say to cast a reflection on either minister, but I am going to be somewhat critical of the attitude of some of the people who do administer the act. I am going to speak now in general terms.

This Bill No. 418, as I see it, is divided into two main parts. As I look at them, there are the general provisions that are there for the purpose of giving relief, if we wish to put it that way, to certain groups of taxpayers in this country, or perhaps it would be better to say to make the Income Tax Act in its application generally more fair. I think that the Income Tax Act is the fairest tax vehicle we have. I think the income tax itself is the fairest tax because it can be applied specifically according to ability to pay and it does not place a heavy burden or a heavier burden upon the poor than upon the rich, not by any means. It is one tax that is hard to hand on. For that reason I support the idea of the income tax, but I do think that all our efforts should be directed towards making its application as fair and just as can possibly be.

Unfortunately, I think that is not done in many instances today. I refer now particularly to the administration of the Income Tax Act, particularly in relation to the farmer taxpayer. I am not going to criticize for a moment some of the things that have already been discussed in this house in another debate such as the net worth statement and all that sort of thing. I am going to talk about the habit of the income tax department of leaving assessments too long and then expecting the farmer taxpayer to feel happy about having to dig up three or four times the amount of tax he thinks he ought to have to pay, and on top of that a penalty or penalties and then to try to put him out of business because he cannot pay immediately when the demand is made.

I have in mind as an illustration of the thing against which I am complaining, the case of a farmer in western Canada who very faithfully, year after year, put in his income tax returns. He thought, according to his own best calculations, he was paying fair taxes. This went on for years without any complaints or amended assessments coming in from the income tax branch. After several years this man was stunned, almost, to receive from the department of income tax a demand for a very large sum of back taxes. They sent inspectors in to see him. They went over his books most carefully and they did not charge him with having wilfully neglected to pay his fair taxes. They did not suggest at any time the man had withheld taxes. But what they did do was to go back over quite a period of years and assess this man $30,000 of extra taxes, and penalties on top of it, for not having paid.

This man finally said, "Well, all I can do is try to liquidate some of my assets in order to pay." He did start to liquidate and he reduced the arrears and at the same time kept up his current taxes, by something like $18,000. Then, suddenly the department placed the matter in the hands of the exchequer court and got a judgment against him, in spite of the fact every year he had paid $3,000 or $4,000 on these arrears in addition to his current taxes. The exchequer court ruled in favour of the income tax branch and handed down a judgment against the taxpayer. While it is true that they have not yet asked the sheriff to execute the judgment by means of seizures, yet that judgment is hanging over the taxpayer's head. He is not in a position at the moment to liquidate some of his assets because they are tied up in very large holdings and large holdings just do not sell every day or sell easily without being sold at a sacrifice price. The branch, however, is hounding the man and threatening to have the sheriff make a seizure.

Now, Mr. Speaker, in my judgment that is not justice. The man is doing all he can. It has not been proven at any stage that he has wilfully or deliberately attempted to defraud the government of taxes. He is paying as much as he can. He has offered to continue reducing the liability by $3,000 or $4,000 each year in addition to his current taxes, to get it cleaned up. But no, sir, what they want to do is kill the goose that lays the golden eggs. They want to destroy his chance of paying that off by forcing him to sell his assets now at a sacrifice price. This does not give him a chance at all to pay off and to stay in business so he will continue to be a taxpayer. I have seen not only this case but other similar cases and they do not spell justice. It looks

to me as though it is shortsightedness on the part of the officials. I am sure that this case would not be brought to the attention of the minister. I believe that if it were he would take steps to have it corrected. But when we are dealing with the income tax people in these cases they say to us: Now look, we would like to be able to do something on this but we are bound by the act and the regulations under it. This is quite true; they are helpless.

I am, therefore, going to appeal in a general way, not on a specific case but in a general way, to the minister. While we are amending the Income Tax Act, let us make certain that we are doing it in such a manner that the administration of the act can be just to every section of Canadian society. I think that is our responsibility. I think we should always keep in mind that it is far better to have a taxpayer in business continuing to pay taxes than to force him out of business through seizures, judgments and whatnot, and perhaps prevent him from continuing to be a taxpayer. This does not help our situation in Canada one particle. It just shows the rigidity and inhumanity of some of our income tax regulations and the terms of the act. I am going to leave it at that for the moment with the appeal that the government give very serious consideration to that sort of thing to see if they cannot bring in changes in the administration of the act so we can find justice.

The second part of the act in my judgment, Mr. Speaker, is one which permits the federal government to enter into their proposed new tax transfer agreements with the provinces. Those have been negotiated now for quite some time. We think that there are several clauses which should be written in much more general terms than they are. I realize that I would be out of order in referring to specific clauses, and I do not intend to, but in a general way, in this part of the act we think that there are several clauses that are now written in such rigid terms as to hamstring the provinces in their negotiations with the federal government. In view of the fact that no definite arrangements have yet been arrived at between the provinces and the dominion as to these tax transfer arrangements, it looks to me as though—

Mr. Harris: Mr. Speaker, may I just interrupt my hon. friend for a moment. It was not our intention to proceed with any of those clauses dealing with that particular problem until later.

Mr. Low: I am glad to have that assurance; it just bears out what I was going to say by way of conclusion to this part of my remarks. If you did proceed with them as they are presently written then it might be necessary for the government to come back with another bill amending the Income Tax Act, because the provinces may not agree to the terms under which they are at present written. I just draw that to the attention of the minister for the moment and ask him and his colleagues to look it over most carefully, especially sections 8 and 9, and see if it would not be possible either to leave them over until after the dominion-provincial conference is held or to write them in much more general terms in order to make provision for any changes that might take place in the negotiations when the provinces and the dominion get together.

Aside from those things, Mr. Speaker, I have little which I think should be said at this time.

Mrs. Ellen L. Fairclough (Hamilton West): Mr. Speaker, I had not intended to speak on second reading of this bill but a few things have come up during the course of this debate on which I should like to comment.

In the first place I should say that under date of June 14, when the Minister of National Revenue (Mr. McCann) introduced his estimates in this house, I made some remarks which grew out of representations made in the estimates committee and at that time in commenting on my remarks the Minister of National Revenue told me that I appeared to be in the right church but was probably in the wrong pew. Therefore, Mr. Speaker, I suggest I am probably in the right pew tonight and I would like to say my prayers all over again, if I may.

There are a few matters on which I should like to remark. First of all I would like to support the plea made by the hon. member for Eglinton (Mr. Fleming) on behalf of self-employed persons who contribute to pension funds on their own behalf. In that regard I draw attention not only to those persons who are in one of the recognized professions but also to those persons who are engaged in business on their own behalf or in partnership. I would like to draw attention to the fact that frequently these people, under extreme hardship to themselves, manage to make contributions to a recognized pension scheme, a scheme which would ordinarily be recognized by the government, had they been employed by others, as an approved or accepted pension scheme or, in the terms of the new bill which is before us, a registered pension scheme and would probably be permitted to deduct from their taxable income the contributions which they make toward the annuity or pension they hope to receive when they are past earning years.

These people have no such relief under the law and I think I could do no better than to refer the minister again to the remarks made by the hon. member for Eglinton and to those which I made previously on the estimates of the Minister of National Revenue and to ask the Minister of Finance (Mr. Harris) to seriously consider this matter. It is a matter with which I am sure he is familiar; he has had representations made to him by the Canadian tax foundation, the bar association and others, and I trust it will not be too long before he will recognize the just claim of these people.

In the case of consideration of tax returns and appeals made from the assessments pertinent thereto by the income tax department, there are many things that attract the attention of taxpayers.

I recall late last autumn—I think it was in November—reading of a case which had come before the income tax appeal board where a man had supported his mother who was a semi-invalid and had claimed, because of supporting her in a self-contained domestic establishment, the usual $2,000 tax exemption. Then he married and his wife came to live with him and his mother continued to live there and because of the mother's delicate condition of health the wife continued her employment. What transpired was really something that should attract the attention of the Department of Finance because apparently it does not attract the attention of the Department of National Revenue.

This case came before Mr. Commissioner Fisher and in his judgment he pointed out that before marriage the man had been entitled to an exemption on taxable income of $2,000 and his fiancee on her own account had been entitled to an exemption of $1,000. However, after marriage although the wife was still entitled to an exemption of $1,000 by reason of earning more than her statutory exemption, the husband was allowed an exemption of only $1,400. In other words, he was exactly in the same position. He was supporting his mother in the same domestic establishment but his statutory exemption for her was automatically cut from $2,000 to $1,400.

In his judgment Mr. Fisher explained that that is the situation which prevails according to the provisions of the law. Mr. Fisher dwelt upon this matter at some length and pointed out that the evidence showed the man was in receipt of a very modest income and in his unmarried state he came under a section of the Income Tax Act—and I am quoting from a portion of Mr. Fisher's judgment—which says:

> . . . $2,000 may be deducted by a taxpayer who is: "An unmarried person or a married person not supporting his spouse who maintained a self-contained domestic establishment and actually supported therein a person wholly dependent upon him and connected with him by blood relationship or marriage or adoption."

However, his status changed immediately when he married and instead of having some provision for the income which his wife would have to her credit he found his own statutory exemption was cut by $600.

Then time went on and the mother suffered a severe stroke which left her partly paralysed. The medical expenses mounted and finally they came to the place where, far from the husband supporting his wife, the wife was contributing to the support of her husband and his mother by reason of the illness. Therefore, in his 1953 income tax return this clerk—for such he was—claimed he was not supporting his wife, that she was in fact partly supporting him and therefore he was entitled to the $2,000 deduction. She was paying for the clothes, lodging and food for both but no relief could be given under the act. A report of this judgment appeared in the newspapers and the headline which drew attention to it read, "Couple better off unwed, admits tax board."

Had this woman gone to live with this man in a common-law union and had he continued to support his mother as he had before, he would have been able to claim $2,000 exemption, she could have claimed $1,000 exemption and they would not have suffered financially. But that is not the way we live in Canada. We have respect for our institutions and we have respect for the sanctity of human relations. It seems to me that it is a sorry condition which imposes a penalty on people for observing the moral status which we hope is incumbent upon all of us. I ask the minister to consider the situation which produces these results.

Speaking of marital relations, I should like to refer once more to a matter which was raised earlier this evening by the hon. member for Eglinton, who brought to light again a matter which I brought before this house on June 14 and previously in the committee. This case is known as No. 289 and was heard by the income tax appeal board. It had to do with the payment of alimony by a taxpayer in Ontario under a judgment by the court for the payment of a specific sum. I do not think I can do better than read into the record the words which I read previously. Inasmuch as the current bill gives no recognition to

this problem I am taking the liberty of putting these words once more on the record. In giving his judgment Mr. Fordham had this to say:

> Much to the taxpayer's surprise, however, the minister disallowed such deductions—

That is, alimony deductions.

> —and ruled that they did not come within the purview of the provision set out above.

That was under section 11 (1) (j).

> At the hearing, it became plain that this was because the word "alimony" did not appear after "divorce" in the fourth line of paragraph (j) above. An appeal to the board duly followed.

Then the pertinent words are the following:

> The matter reveals for the first time, where the board is concerned, what appears to be a remarkable and unfortunate oversight or omission in the drafting of the foregoing enactment. Although alimony, as such, is clearly deductible by the payer when a court has made an award of alimony in a decree, order or judgment for divorce, or a husband and wife have executed a separation agreement providing for the payment of alimony, subsection (1) (j) does not take cognizance of an action for alimony alone. No reference to such a proceeding is to be found in its wording. Hence, the unfortunate appellant cannot have the relief that is ordinarily afforded to those obligated to pay alimony periodically. The words "judicial separation" do not assist him, as the Ontario courts are without jurisdiction to entertain actions for judicial separation.

I am not a lawyer and I recall quite well that when I quoted those words previously the minister expressed some surprise and shook his head at hearing my quotation. However, I have inquired into the matter since then and I understand that there is no such thing legally as a judicial separation in the courts of Ontario. I thought that probably somebody had made a mistake when the minister shook his head on the previous occasion and I tried to find out just what the situation was. The legal niceties escape me, I admit, but I find that Mr. Fordham was quite correct and that there is actually no such thing in Ontario.

It would seem to me that in the drafting of this act those who had charge of the wording overlooked the fact that Ontario was in this position. It seems to me that because of that persons in Ontario who are caught under these provisions are at a disadvantage as compared with persons in other provinces. I once more ask the minister if he will please do something about this situation. It seems to me to be grossly unfair that a man who accepts responsibility of caring for the family he has undertaken to care for should not have the advantage of deducting from his taxable income the money which he expends in this way. Those persons who go through the normal course of divorce proceedings and are thereby free to engage in other marital connections in the future are placed in a different position from this woman, who has no desire to do other than live apart and is thus circumscribed by the law from having the advantage of deducting for income tax purposes her living expenses.

There are a couple of other things which I feel constrained to put before the house on this occasion because previously I inadvertently got into the wrong pew. One is the matter of rental income which accrues to the benefit of an individual through the hands of an executor or trustee. Once more I bring this matter to the attention of the minister and the house because it is only a short time ago that the minister in bringing down some of his regulations—it escapes me whether it was in the budget or subsequently—exempted from surtax on investment income revenue derived from rental property. Under the conditions set out for estates and trusts in the T3 form under the section headed "Tax on Income in Hands of Executor or Trustee" appears a note reading as follows:

> Rental income from real property and income from a business or farm operated by the executor or trustee are not subject to surtax in his hands.

Yet when these funds eventually are reported by the beneficiary as income he pays a surtax as investment income, largely by reason of the fact that there is no other place to record this income on the ordinary T1 form other than income received as investment income from estates and trusts.

As I said on a former occasion, the courts have several times, and almost invariably, ruled that income should not change its character by reason of passing from a source through a trustee to a beneficiary. Yet under our own income tax law, regardless of the law set out, the regulations in effect in the income tax department prohibit the taxpayer from claiming this income as earned income despite the fact that persons who have rental income on their own account and who receive it first-hand are able to claim it as earned income.

I recognize that this is a fairly recent concession of the department, that is, the concession given to the individual to claim rental income as earned income, and it may mean that the minister has not yet got around to allowing this same concession where the funds come to the individual through an estate or trust. But once more—this time I am in the right pew—I ask the minister to seriously consider this matter and to bring in the necessary amendment to the act if it requires that or, if not—and the latter is my view—simply instruct the department to make the necessary correction to the T1 form, which will place the income from revenue, even though coming to the taxpayer through an estate or trust, in the earned income bracket.

I suggest to the minister that it is as simple as that: a change in the printing of the T1 form. I do not believe it is a matter that requires an amendment to the act. The minister himself brought in this amendment a few years ago, and I think it is merely an oversight that could be readily rectified by changing the T3 and T1 forms so that the two categories of income, that is, from dividends or other investments and from rental income, be reported separately and be reported by the ultimate beneficiary in two separate brackets on his own income tax return. I ask the minister seriously if he will look into that matter.

The Acting Speaker (Mr. Applewhaite): If the hon. member for Saskatoon (Mr. Knight) will permit me, I should like to ask the house for a little assistance. We are on the second reading of a bill and we are supposed to be discussing the principle of the bill. I realize that this bill is a collection of disconnected amendments dealing with such subjects as railway companies, oil companies, solicitor-client privilege, pensions funds and so on, and may not be said to have any specific principle, but I must ask the house not to use this bill as a vehicle for every conceivable form of criticism or suggestion of and to the Departments of National Revenue and Finance, because there are a great many aspects of our taxation which are not included in this bill. The last thing I want to do is to make it difficult for any member to put forward his views, but I think perhaps at this time I should say that there may come a time when it will be necessary to say, "That is a little beyond the scope of this bill."

Mr. R. R. Knight (Saskatoon): I think it has been the custom of those who have preceded me to talk not about the particular clauses in this bill but about the particular clauses which are not in this bill and which should be. Before you pronounced your admonition, Mr. Speaker, I was going to do the same thing. I think I shall venture, in view of your kind remarks at the conclusion, to do just that, and I hope that the warning will have some effect upon my more immediate or less immediate neighbours. Of course, one has to draw the line somewhere.

There are one or two things about which I am disappointed in this act in that they are not mentioned in the act. One has to do with charitable donations. I think that what I am going to speak about can be defined as charitable donations. This is perhaps particularly applicable to my own province of Saskatchewan, where we at least think, whatever may be the opinion of those in other provinces, that we have adhered to our program of humanities first and that we are in the lead in proportion to our population in the providing of decent living conditions for our older citizens. To do that costs money. We have to receive gifts—and I consider them charitable donations—in order to get the first payment for these propositions. Service clubs, churches and people who interest themselves in this sort of thing go out and ask people for money. The very first question they are asked is, "Are these payments deductible as charitable donations?" We have to tell them that under the present law they are not.

I was very much astonished that when this was mentioned the other day here in the house, the hon. member for Vancouver South (Mr. Philpott)—I hope he did not mean it; I hope he was joking—said, "Why don't you just give it as a church subscription, and then it would be automatically deducted." As far as I am concerned, for me to do that would be dishonest. I do not know what it would be for my hon. friend. If I give a donation on the basis of a private payment for the building of an old people's home, I do not think that that is, after all, a church subscription. I know that that sort of thing is done. However, I have said enough about that, but I think that those payments should be deductible. I cannot see any difference between those and regular charitable donations.

Another matter about which I should like to say a word is the ceiling upon the old age pension payments. Of course, members and, I think, most of the public, are aware that we have to pay extra tax, as we should, to provide ourselves and others with old age pensions: 2 per cent extra on the taxable income. In other words, if I have a taxable income of $1,000, I pay 2 per cent extra or $20 extra for old age pension purposes. If I have $2,000 income, I pay 2 per cent or $40. If I have $3,000 taxable income, I pay 2 per cent extra or $60. But then—and it is a strange thing to me—at that point the schedule ceases to exist. From then on, irrespective of the size of my taxable income, I pay $60 only.

To me there is no justice in that; there could not be to one who thinks of things as I do. If a man has a taxable income of $10,000 or $15,000, he has to contribute only $60 from the wealth with which he has been blessed to help pay for the pensions of those who are not so able. I think something should be done about that. The Minister of Finance (Mr. Harris) should let that scale slide. I am thinking of a sliding scale. Let it slide. Let it keep on sliding.

Another thing I want to bring up is the matter of corporation profits. I have to confess to having two small investments in

Canadian corporations and they bring me in a total of approximately $40 a year. I discover that at the end of the year I am allowed to deduct one-fifth of that $40 not from the amount of money upon which my income tax is based, but from the actual tax itself after the tax is computed. I can see no reason or justice in that. I can see no reason why I should be allowed to deduct $8 from the actual amount of tax which I otherwise would have had to pay if I did not have these investments. I know that what I am going to say now has been disputed. I do not think it has been disputed in this house because I know it can not be disputed. I do not know what the exact figures are but let us say that a man has an income somewhere between $10,000 and $11,000. I see the minister is getting ready to interrupt. He has heard this mathematical formula before.

Mr. McCann: We have heard it every year.

Mr. Knight: You are going to hear it a lot more and as far as I am concerned the people throughout the country are going to keep on hearing it too. May I say to the Minister of National Revenue (Mr. McCann) that audiences are so aghast when they hear this that they simply do not believe that even this Liberal government could perpetrate such a thing.

Mr. Argue: They will from now on.

Mr. Knight: It is a fact that if a man is working as a doctor, a top mechanic or whatever you like, earns somewhere between $10,000 and $11,000 by so working and has a wife and a couple of children if he is a normal man, he discovers that he has to pay income tax of about $1,600. I say "about". I am getting away from pure mathematics. But if that same man were in the position where he had never done a tap of work in his life but had an income of between $10,000 and $11,000 a year from investments in Canadian corporations his income tax would be exactly nil. That is a word that has been introduced by the member for Eglinton (Mr. Fleming) and this is another nil. The amount of income tax he would pay would be exactly nil except for the aforesaid $60 that he would have to pay on account of the old age pension. If the Minister of Finance or the Minister of National Revenue, who was good enough to interject, can deny that statement, let them get up and deny it now.

Mr. McCann: Do you take into account that the income he has has probably come from corporations which pay 47 per cent on it before he ever gets it?

Mr. Knight: I am very well aware of the argument that the corporation funds have already been taxed in the hands of the corporation. That is that old thing I have heard so often before.

Mr. McCann: So is yours old.

Mr. Knight: The minister will tell me that it is double taxation but the government is not so particular about double taxation being perpetrated in certain other directions which, if I had the time, I could mention here. But what I have stated is largely, if not mathematically, accurate and true. It is true, and to me it is a disgrace and a blot on our national life. Any government that can perpetrate that sort of thing or that would believe that sort of thing is right has an attitude towards things and people in which I cannot share. I know the argument is put forward that we want to encourage Canadian investment. There are other ways. We do not have to encourage it to that extent, to that degree or by that method.

As I have said, the people do not believe it. I said it once before in an election campaign and somebody wrote a letter to the *Star-Phoenix* and said: "This man Knight should not be allowed to go around telling lies. The thing is impossible, the thing is ridiculous. Of course anybody with an income of $10,000 has to pay a proportionate amount to the national treasury." Well, I countered that statement. I took an income tax form and went down to my hon. friend's department. I told them that I wanted the income tax form filled out in the name of Brown, Smith, Jones or whatever you like. They said, "What are the conditions?" I gave them the conditions. I gave them a hypothetical case. I put the income at $11,000 or $12,000 and said that the man had a wife and two children and was such and such an age. I told them I wanted to know what his income tax would be.

They asked from where the man derived his income. I gave them the names of certain Canadian corporations. I said, "I want you to fill that out and fill it out right because I am going to ask you to sign it when you have finished." The man laughed. I presume he knew what I was after. However, he did his work. I will say that for him. He filled it out and he said that the man would ordinarily pay income tax of $1,600 or $1,700 but because of the fact that he derived his income from dividends from Canadian corporations solely the only thing he would have to pay would be $60 towards the old age pension inasmuch he would have an exemption of 20

per cent or $2,000 on the $10,000 he received in dividends. I said, "Would you please fill that out and sign it?" He did so. I then went and took a quarter page in the paper as a paid advertisement, and they did not call me a liar after that.

I suggest that the minister look into that matter. It is iniquitous, unfair and unjust, no matter how you look at it. The Minister of National Revenue was talking about double taxation. I wish we could get some proper definition of what they are now beginning to call under the act, and I am referring to the act, "registered pension funds" because there is a considerable amount of confusion in that regard. I receive letters about it all the time and I am sure that other members do too. Let us take what used to be my own profession, teaching. Here we have a superannuation fund which we create. The province of Saskatchewan puts in so much, we put in so much and so on, and after a while you get a pension. In their innocence these people said that it would be fine if anybody wanted to pay in more than the amount that was called for. It would be a form of extra saving, and a lot of people put in a little extra money, $1,000 or $1,500, over the course of a good many years. But when they come to take the money out it is a different proposition. You take it out and you pay income tax on it.

We paid income tax on the money as we earned it, but when we put it in the fund it suddenly became engulfed in this lack of definition of what is properly a registered pension fund. Is it a savings bank? Is it a benevolent society, or what is it? Before we are through it may be a small loan company. At any rate, there is some doubt about the matter. When you go to take out your money and get back the money you put in you are told you have to pay income tax on it for the second time. That is what I meant when I reminded the Minister of National Revenue that in some cases they do not worry too much about double taxation.

The same question has arisen with regard to other provisions and other societies of one sort and another. I think the last letter I had was from a group of firemen in the city of Saskatoon. Because of some little technicality the department had decided that they were not operating what is called a registered pension fund.

The hon. member for Mackenzie (Mr. Nicholson) referred to the need of people who do not pay income tax at all. I should like to say a word or two on behalf of those who have sufficient income to just pay income tax, and I shall be brief. I do not want to shut somebody else off. I shall simply say that I think these income tax exemptions should be raised in view of our present prosperity. We hear a great deal about it from the government side. We hear about the increase in the gross national product, how well we are doing, how our surpluses are climbing. I think this is probably a direction in which these smaller people should get some help. I am all for the income tax. I think it is a good, fair and just method of taxation. However, I think there are some people now paying income tax who should not be paying it at all.

There is another thing I wish to mention and with this I conclude. I hope that this bill will provide for this point. The minister can inform me whether or not it does so. I am thinking particularly of farmers. I am not so clear about the matter of labour unions. I have not studied the matter. I am thinking of the business of conventions. Certainly I think that people who are gathered together in farm unions should be allowed to deduct the expenses of their conventions. I see the minister nodding his head although that does not appear in *Hansard*. I am asking the minister now whether it is true that, by a clause in this bill, from now on those farmers who attend farm union conventions will be allowed to deduct their expenses for income tax purposes?

Mr. Harris: There is one provision which may not be as wide as my hon. friend has suggested. However, there is a provision. We can discuss it in committee of the whole.

Mr. Knight: When we come to committee of the whole I also want to ask my hon. friend what the situation is with regard to labour unions in the matter of attending conventions. I want to know whether that will come under the same heading.

Mr. Harris: It does.

Mr. Knight: With those few remarks, Mr. Speaker, I think I will leave the matter until the committee stage.

Mr. E. G. Hansell (Macleod): Mr. Speaker, I shall try to remain within the confines of this bill. Although you may think that I am somewhat remotely within the confines of it, I think that I am within the terms of the bill, at least as much as were some hon. members who have spoken previously. I was afraid that my friend the hon. member for Saskatoon (Mr. Knight), having been a high school principal for many years and being an educationalist, was perhaps going to steal or, shall I say,—

Mr. Argue: Borrow?

Mr. Hansell: —expropriate some of my material.

Mr. Argue: He wants good material.

Mr. Hansell: I want to bring to the minister's attention something that is lacking in respect of this income tax bill. After all, we always have an income tax bill which in the main revamps the income tax system of the country. I refer now to the fact that there is no exemption whatsoever for the taxpayer who supports a son or daughter who is going to university. A change was made in the Income Tax Act some years ago and at that time I was certainly under the impression that exemptions were allowed on behalf of income tax payers who supported their young people as they went through university. However, my eyes were opened when I found that it was necessary for me to support my young lad. It is a strange thing to me that this matter has escaped me over the years but, according to the Income Tax Act, if an income tax payer claims exemption for himself and his wife, he cannot claim exemption for a son or a daughter who is dependent upon him for his or her university education. To me that is a serious matter. A farmer, for instance, might raise hogs, cattle or something else. He is allowed to write off certain operating expenses as he raises those hogs and cattle. But here is a man who raises a family. It is granted that he gets the family allowance while his children are young. But the moment they come of age where they wear bigger shoes, eat like a horse, wear men's clothes and when the young daughters are obliged to wear more expensive clothes, he cannot claim exemption for them. It is all right if they are forced onto the labour market and earn their own living, but if they want to go forward to a higher school of learning such as a university and prepare to be an engineer or a doctor, the old man must foot the bill. I maintain that is not fair or right. I assert that the Income Tax Act should be amended in order to allow an exemption for a young man or a young woman going to university. Otherwise only the people who are in the higher income brackets will be able to afford to put their young people through university. People with moderate incomes just cannot afford to put a young man or young woman through university.

I calculate that it takes about $1,000 a year, even though the young man or the young woman may earn a certain amount of money during summer vacations. It costs a great deal to put a young man or young woman through university. There is the matter of clothes to wear and certain upkeep including board, fraternity fees, tuition and books. It costs a great deal of money. As a matter of fact, if the young person is not earning an income, we are allowed $400 exemption for him or her but we are allowed that anyway when they get to a certain age, provided they are still going to school. But as soon as they graduate from high school and want to go to university we are then allowed the same exemption of only $400. That simply means this, Mr. Speaker. As soon as they arrive at the age where they are able to go to university, then there is no exemption from the income tax at all and no assistance whatsoever. I believe that the minister should take that matter into consideration and permit the $1,000 income tax exemption that is allowed. Here is where the discrepancy comes in. If a man does not have a wife, and manages to get along without one, he can send his boy to university and claim $1,000 exemption.

Mr. McCann: Where would he get the boy if he has no wife?

Mr. Hansell: But if he is married and has a wife to look after the home, he cannot claim that exemption. If he has a housekeeper to look after his home, he can claim exemption for her if he happens to be a widower, but he cannot claim exemption for his son. You cannot claim more than $1,000 for either a wife, a housekeeper or a son or daughter who is going to university. Now, that seems to me to be unfair. It seems to me to be ridiculous. I would ask the minister to give some real consideration to the amendment of the Income Tax Act so that some further exemption could be allowed to the people who are putting their sons and daughters through university.

Mr. Roland Michener (St. Paul's): The minister whose bill we are discussing has been quite frank in his acknowledgement about the rate of income tax and taxation generally in Canada. He, like everyone else, appreciates that we are living in an age of high taxation and has expressed himself from time to time as being concerned with relief from that high rate of taxation. He is equally frank, I think, in introducing this bill by saying that this does not to any extent relieve the Canadian payers of income tax from taxation. I think the major relief from taxation referred to in the budget is in another field.

Now, the problem of the rate of taxation is one that is frequently discussed and presented to the government. I think the words used by the Canadian Tax Foundation express about as succinctly as possible what I have in mind. They say:

> The growth of social welfare expenses and defence spending has brought about in the past 15 years an unprecedented level of expenditures in relation to national income, and rates of taxation are very high today by previous peacetime standards.

Now, that is undoubtedly so, and apparently in the view of the government is to remain so at least for another year. In bringing in a bill of this kind it seems to me that, without dealing with the rate of taxation at great length or without dealing with the rate at all, there are a number of amendments by way of exemption and alteration which could be made which would improve the taxation system and give an incentive here and a disincentive, if I may use such a horrible word, in other places, or increase the social justice, if you like, of the tax system. I suppose the minister, in bringing forward most of these amendments, is making some corrections of one kind or another, removing an anomaly here and giving an incentive there. From that point of view one cannot complain too greatly about the contents of the bill. As has been said by other speakers, the complaint is rather about what is omitted from than what is contained in the bill. There are a great many moderate incentive provisions which have been suggested from time to time, which would not be costly and which would not affect the over-all rates but would achieve a very definite end in themselves.

I know this applies not only to the field of trade and commerce in the broad sense, that is the economy in the sense of its industrial progress, but also in the personal field to the individual in his daily occupation. We have had two or three specific examples of the kind of thing that might have been considered. I realize that the use of the income tax in the larger field of providing incentive in trade is a very important one and could be the subject of a very lengthy debate. I think, however, perhaps this is not the appropriate bill upon which to enter that field. I just illustrate the kind of thing I mean by drawing the minister's attention to the effect of taxation in certain fields as presented by the tax foundation recently in making a presentation to the royal commission. They dealt with the effect of taxation on the development of natural resources, for example; on fixed capital expenditure; on exports and so on over the broad field of the economy. As I say, that might better be discussed at another time, although it is of prime importance and deserves the attention of this house, particularly in some of the fields which have been brought to the attention of the house this session. For example, there is the encouragement of Canadians to invest on equal terms with foreign investors in the development of their own country.

I shall refer briefly to the incentives which affect the individual more directly, two or three of them. Before giving an example of that, I should like to say that this bill might very properly be brought before a committee because there are a good many minor matters which will only be incorporated in legislation of this kind and discussed fully in a special committee such as the committee on banking and commerce. There is not much opportunity in the committee of the whole house to move minor amendments to try to patch up various inconsistencies and injustices of the present tax law. The suggestion which has been made to refer the bill to a committee seems to me to have a great deal of merit, just to deal with what I might call incidentals, odds and ends of amendments which have escaped the minister's attention.

The first example I wish to bring to his attention is that of the allowance made for children. There is a case where our tax system seems to compare unfavourably with tax systems elsewhere. As recently as last May a public comparison was made of our attitude in this respect with that of the United Kingdom as shown by the new income tax tables made effective in Britain at that time. When compared to those in this country they showed that although income taxes are higher there than they are here, they grant much more consideration to parents than Canadian income tax laws do.

The *Globe and Mail* of May 4, in its editorial, had this to say in one paragraph:

> Taking family allowances (paid in both countries) into account, it can be seen that at every level from $2,000 a year—$40 a week—up, British parents enjoy a substantially greater advantage in relation to non-parents than do their Canadian counterparts. Westminster, in short, would appear to have more respect for the family life, and its accompanying expenses, than Ottawa.

An example of that, I think, is the way allowances for children and the family allowance can operate where a child is born towards the end of the year. A father who pays taxes and has been blessed with another child in December is allowed the exemption of $150 from his taxable income.

An hon. Member: Ten o'clock.

Mr. Michener: Since I cannot conclude now, I shall continue at another time.

Mr. Harris: May I interrupt? I had hoped we would be able to finish second reading tonight. If my hon. friend was not going to be too long, and he never is, I wonder if we could let him continue and then dispose of the motion.

Mr. Barnett: I do not want to hold up the bill, but I did have a few things I wished to say on second reading of the bill.

Mr. Harris: Well, I did not realize my hon. friend had anything to add. Would it not be possible for him to say what he has to say tonight?

Mr. Barnett: Well, Mr. Speaker, I do not care whether I say it now or at the committee stage but my only concern is whether I might be ruled out of order at the committee stage in what I had to say.

Mr. Harris: Well, we will try it at the committee stage then.

Mr. Barnett: If the minister gave us a certain latitude on clause 1 I would be glad to make my comments there.

Mr. Deputy Speaker: Has the hon. member unanimous consent to continue?

Some hon. Members: Agreed.

Mr. Michener: My remarks could be deferred until the first clause is considered in committee and I would be content. I do not wish to become the cause for holding a lot of members beyond the normal hour. If the minister would be satisfied with that, I could say what I have to say just as well on the first item.

Mr. Harris: Mr. Speaker, there is no nominal first item here, as everyone knows, but I think we could agree at this time that when the bill is in committee of the whole we should hear the hon. member for St. Paul's and the hon. member for Comox-Alberni.

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

On clause 1—

The Chairman: Shall this clause carry?

Clause stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Harris: Mr. Speaker, tomorrow we shall take the estimates of the Secretary of State for External Affairs and the Department of Mines and Technical Surveys.

It being five minutes after ten o'clock the house adjourned, without question put, pursuant to standing order.

Questions

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

EGGS—IMPORTS FROM POLAND

Question No. 522—**Mr. Dufresne:**

1. Was a quantity of eggs recently received in Montreal from Poland?
2. If so, from what place in Poland and what was the exact quantity?
3. What is the point of destination for this shipment?
4. What price was paid?
5. By whom were such eggs bought?
6. Who issued the import permit or permits and on what dates?
7. To what company or companies?
8. What company or companies purchased such eggs, and who are the directors of such company or companies?

Answer by: **Mr. Dickey, Parliamentary Assistant, for the Minister of Trade and Commerce:**

1. The latest figures available from the bureau of statistics are up to April 30, 1956, and they have no information of such a shipment. We learn from the trade, however, that there was a shipment of 10,000 cases imported from Poland.

2. No information.

3. Unloaded at Montreal.

4 and 5. Information not available.

6. No import permit required.

7. It is not customary to reveal the details of a private business transaction where no government funds are involved.

8. Answered by No. 7.

EGGS—IMPORTS FROM COMMUNIST COUNTRIES

Question No. 534—**Mr. Diefenbaker:**

How many cases of eggs have been imported from the U.S.S.R., Poland, Czechoslovakia or other countries behind the iron curtain, year by year, since the 1st day of January, 1951?

Answer by: **Mr. Dickey, Parliamentary Assistant, for the Minister of Trade and Commerce:**

January 1, 1951, to April 30, 1956—none. Statistics not yet available for the month of May. It has been ascertained from the trade, however, that a shipment of 10,000 cases were imported from Poland during the month of May.

HOUSE OF COMMONS

Wednesday, July 4, 1956

The house met at 2.30 p.m.

EXTERNAL AFFAIRS

Second and final report of standing committee on external affairs.—Mr. Boisvert.

STARRED QUESTION

CITIZENSHIP AND IMMIGRATION—F. P. BRAIS, Q.C.

Question No. 57—**Mr. Fulton:**

1. Did the Department of Citizenship and Immigration or any other department or agency of the government retain Mr. F. P. Brais, Q.C., to investigate and/or prosecute cases of wrongdoing in connection with the admission of immigrants from Italy or elsewhere?
2. If so, when was he first retained, and how long did his services continue?
3. What is the full amount of his daily retainer, and what total has been paid over to him during this period?
4. What have been the results to date in terms of numbers of (a) prosecutions; (b) convictions; (c) acquittals; (d) discharges from government service, and what were the names and positions of the persons proceeded against or discharged in each case?

Hon. J. W. Pickersgill (Minister of Citizenship and Immigration): Mr. Speaker, the answer to the first part of this question is that the services of Hon. F. P. Brais, Q.C., were retained by the Minister of Justice (Mr. Garson) for the purpose of counselling in prosecutions in Montreal in connection with the admission of Italian immigrants to Canada.

The answer to the second part is that the services of Mr. Brais were retained in November, 1954, and are still continuing.

The answer to the third part is that the question of payment of accounts is one which is of special interest to the Minister of Justice, and I imagine also to the Minister of Finance (Mr. Harris). It can be mentioned, however, that no account has been submitted as yet by Mr. Brais and the Department of Citizenship and Immigration will know how much is payable to Mr. Brais only after his account has been received and taxed in the Department of Justice.

The answer to the fourth part is that Mr. B. A. Corbo and Mr. M. E. Lattoni were charged and the preliminary hearing was held in Montreal over a period of more than 12 days. The hearing will be resumed in September, 1956, and the department has now completed its case at this hearing.

There was some additional information about this matter given to the committee on estimates which will be found in the minutes of proceedings of the committee for last year.

Mr. Dufresne: Does the minister mean to say that Mr. Brais has not rendered any account to the department since 1954?

Mr. Pickersgill: The answer is that in respect to this matter about which I am answering the question there has been no account received from Mr. Brais.

QUESTIONS PASSED AS ORDERS FOR RETURNS

FEDERAL SUBSIDY PAYMENTS TO INDUSTRIES

Question No. 536—**Mr. Thatcher:**

1. During the past fiscal year, what was the total amount of money paid out by the federal government in grants or subsidies to all industries, including agriculture?
2. What was the amount of each subsidy or grant, and the specific purpose thereof?

FEDERAL LOANS

Question No. 540—**Mr. Thatcher:**

1. What federal departments, branches, boards and agencies grant loans?
2. To what particular category of Canadians does each loan money?
3. How much money was loaned by each such department, branch, board and agency during the past fiscal year?
4. What was the profit or loss to each of them during the past fiscal year?

MOTION FOR PAPERS

POST OFFICE, FOXDALE, SASK.

Motion No. 86—**Mr. Diefenbaker:**

For a copy of all letters and telegrams since 1st January, 1955, which passed between the Postmaster General and any person or persons regarding the change in the location of the post office at Foxdale, Saskatchewan, and the appointment of a postmaster.

Motion agreed to.

SUPPLY

The house in committee of supply, Mr. Robinson (Simcoe East) in the chair.

The Chairman: On resolution 92, the Department of External Affairs. Shall this resolution carry?

Mr. Harris: Mr. Chairman, I should have corrected *Hansard*, but in fact I did not say "External Affairs" last evening. I said "Secretary of State."

DEPARTMENT OF THE SECRETARY OF STATE

407. Departmental administration, $244,775.

The Chairman: Hon. members will find this vote on page 66 of the blue book of estimates. Shall this item carry?

Mr. Pallett: The Secretary of State has tabled a report in accordance with the custom, which report is effective March 31, 1955. Before we get into the estimates, I wonder whether the minister would bring us up to date with the report as of March 31, 1956, so that we may have the current position of the department to deal with.

Mr. Pinard: I have here the page proofs of the report as of March 31, 1956, but it has not been tabled yet. I cannot possibly give my hon. friend all the information contained in it. It has not been tabled yet.

Mr. Dufresne: Why not postpone study of the estimates until we have the information we need?

Mr. Pallett: It is rather difficult to deal with a department without having obtained the particular information in respect to each section of it before we come into the house, the only information we have being based on figures in a report over a year old. In the course of the discussion of the estimates, any statements we make may be predicted on this report that is a year old, and anything that is out of line must have the sympathy of the house in that regard. Surely the minister might be able to make at least an oral statement if he is unable to offer a written one, so as to bring us up to date on the general picture of his department before we begin study of the estimates.

Mr. Pinard: This is not a department where there can be very serious changes in policy. If there is any information additional to what is contained in the report already tabled that my hon. friend would like to obtain, I would be pleased to give it to him. There is not very much except additional statistics, for instance, in the patent division, how many further applications have been filed and dealt with. It follows the form of the other report, and there is not very much to be added to the report this year except statistics. If there are any that my hon. friend would wish to obtain, I should be very pleased to give them to him.

Mr. Pallett: I wonder whether the minister can tell me how many companies were incorporated in the period ended March 31, 1956.

Mr. Pinard: I can say to my hon. friend that during the fiscal year 1955-56 letters patent were granted incorporating 847 companies under part I and 36 corporations without share capital under part II of the Companies Act.

Mr. Pallett: The first comment I should like to make is with respect to the matter of company incorporations. For the year ended March 31, 1954, the report indicates there were 840 companies incorporated, for the year ended March 31, 1955 exactly the same number, 840, and this year there are only 847. It seems to me that these figures are out of line with the apparent growth of the country. I think you will find that the number of incorporations under provincial charters has increased considerably each year, and it seems to indicate that there may be something wrong with the policy of the department in regard to the creation of corporations or some fundamental defect that prevents companies from being incorporated under this department.

At the expense of repeating myself, may I say that it is significant that in the last year there has only been an increase of seven companies over the year before in a country that is supposed to be expanding and growing as this country is supposed to be doing. Along the same line, I wonder whether the Secretary of State has adopted any particular policies in this regard. There is one question I should like to ask him. What steps, if any, are taken in his department or are contemplated by the department with respect to companies incorporated under dominion charters to ensure that there can be full participation by Canadians in those companies? Are there any requirements contemplated by the department that will make holdings available to Canadians in any company thus created, or rather is it the case that most of these companies created under his department are wholly owned outside Canada? Are they merely incorporated here with a few nominal Canadian directors, perhaps even a majority of the directors but with the majority of the holdings outside the country?

If that is the case, are any steps being taken by his department to ensure that Canadians will have a full opportunity to participate as shareholders in these companies? A very revealing observation was made in the banking and commerce committee just last week about the nature of the shareholdings in finance companies. It was a most revealing observation in that practically every finance company operating in Canada was shown to be wholly owned or almost wholly owned outside this country. I think there is a responsibility on the

minister's doorstep to take cognizance of this situation and, if he sees fit, to take the necessary steps.

There is another subject I should like to mention that is not exactly related to companies. It has to do with the recognition of Canadians for valuable services to their country in all fields of endeavour. Every country in the world has some method of recognizing contributions to the country through some form or other of honorary award. It is a recognition that does not necessarily involve the expenditure of money but it is a recognition of their service and their value to the country. We have our wartime awards, decorations for bravery and the like.

Now that we hope to encourage development in this country, I think that one way of encouraging it is to take these people who have given of their time, ability and energy and give them some form of recognition. That matter is directly within the minister's department. I leave that suggestion with him for his consideration. It certainly does not involve the expenditure of money but it involves the expenditure of considerable thought on his part. These people are entitled to that recognition. They have served their country well in their particular field and they should have some special recognition. That is the only way, in the long run, in which you are going to get people to expend their energies for service rather than for money, namely to let them know that after a lifetime of devoted duty in their particular field they will be honoured by their country. In these times we hear of shortages of people in certain fields. We hear that industry attracts young graduates from universities so that people are not available in the university teaching field. If these institutions are not able to pay these people the money in direct competition with industry and the like, governments are charged with giving them something which is perhaps much more valuable to them than money and which at the same time will encourage them in the direction of their energies for the benefit of this country.

Another question I should like to direct to the minister has to do with the civil service. I wonder whether the minister would tell us during the course of the consideration of the estimates—

Mr. Pinard: On that question may I say that there is, of course, a special item that deals with the civil service commission. I would much prefer it if my hon. friend would deal with the matter when that item is called. There is a separate item for the civil service commission. I think it would be preferable if he would wait until that item is called.

Mr. Pallett: I shall be very happy to do that, Mr. Chairman. I wonder whether the minister would tell us when the report of the commission on patents and trade marks is going to be available?

Mr. Pinard: Again, there is an item that provides for the payment of $20,000 in connection with the Ilsley commission which is investigating the patent and trade mark legislation. I would prefer it if the question were asked of me when the item is considered. It is the last item of the estimates of the Secretary of State department. It is vote 414. An amount of $20,000 is provided in the estimates for that very purpose. I could possibly also mention to my hon. friend that some time ago—I think it was at the end of April—I gave an indication that the report will probably be completed at the beginning of next spring. I was later informed that in respect of the copyright and industrial design legislation the report might be finished by the spring of 1957. The report on patents should be finished shortly after the one on copyright and industrial designs. The commission has considered the possibility of presenting separate reports. Instead of forcing parliament to wait until the full report is completed, it might be possible that a report will first be supplied on copyright and industrial design and then the final report on patents would be submitted.

Mr. Pallett: I have one comment to make. As the minister may recall, last year he said that he expected this report in about a year. It looks now as though it may be a year or may not be a year.

Now, the history of this particular section of his department has shown that there is a very real need for a certain revision. We are asked to revote money each year, and I gather that up to the end of 1956 the estimated expenditure will be about $45,000, for a commission that cannot tell the minister when it will report or what its findings will be. It seems to me it is time for the minister to start telling the commission to bring in its findings and get a little action in this regard. If patents and copyrights are important, and if their relationship to the field of industrial development in this country is important, I think the minister should exert his influence to see that this commission does get busy. This is not the first time that this matter has been brought up in the house. It has been brought up over the last number of years. Each year the house has been content with the answer, "Well, we know the difficulty and we are attempting to deal with it; we finally have a commission and the commission has promised us the report will be in within a year."

Mr. Pinard: They said, "We hope".

Mr. Pallett: Yes. I urge, as strongly as I am able, that the minister exert pressure on the commission to report soon.

I have one final point to make before I sit down. In reading the memoirs of a former vice-president of the United States I noticed that he said when he became vice-president he was like a man who went on an adventure and was never heard from again. I think the Secretary of State is in great danger of being put in the same position. A man is made Secretary of State and that is the last he is heard from. I hope the minister will take that to heart. I think one very recent illustration was our July 1 holiday, Dominion day. This is a field in which the Secretary of State should have been concerned. He should have made sure that Canadians across this country knew what Dominion day meant. I think, with the greatest respect, that the full significance of the day was not brought home to them. When we come back next year, if he is still here, I hope the Secretary of State will accept the responsibility for these intangibles, if you will, that are in his department and that is one of them. Then we, in Canada, will know exactly what Dominion day means.

Mr. Diefenbaker: There are just two matters on which I wish to secure information, and one arises out of the remarks made by the hon. member who just resumed his seat, the recognition of Canadians in a manner in keeping with the democratic traditions. I remember so well some years ago when the Right Hon. Mr. King introduced the measure for the creation of the Canada medal. This was to be a decoration awarded to Canadians, and one that would meet the democratic ideal while at the same time setting apart those Canadians who received it as persons who had made important and significant contributions to Canada. But for some reason or other the Canada medal, like the Canada Council seems to have been conceived and brought into existence by legislation and then placed in moth balls. I should like to ascertain from the minister why it is that Canadians are not receiving this decoration. What is holding it back? What is the nature of the revulsion on the part of the government against recommending Canadians for this decoration? When does the minister expect that the first of those to be honoured with this distinctively Canadian order of merit, if I may use that expression, will receive it; for certainly as yet we have never been able to secure any information on this? I feel it would be a very fine thing for Canada if Canadians could have that decoration. I can think of those in the arts, in literature, in science and in other walks of life to whom this decoration, while of no monetary value, would be a significant one because of the honour it would bring to them by being singled out for the award.

That is the first thing I should like to hear from the minister. Then, I should like to know something about the Great Seal of Canada. I would like to know from him at what stage the words, "Dominion of Canada" were removed from the seal and in place of the word "Dominion" the designation that now appears on the Great Seal that was recently brought into effect was placed there. My recollection is the designation is now "Queen of Canada". Has there been anything in the nature of an order in council passed to remove the description of this country as the Dominion of Canada? Incidentally, the only knowledge I have of the rather devious means adopted to remove this designation was first through the telephone book and then afterwards in one or two statutes.

It is interesting to note that as one reads the debates at the time of confederation and throughout the years this country was invariably described as the Dominion of Canada without any suggestion of subservience whatsoever in that designation. The Statute of Westminster refers to the various dominions, and it has not been amended in any way.

Mr. Pinard: Is it not a fact that the statute says, "A dominion known as Canada"?

Mr. Diefenbaker: Yes, that is what it says.

Mr. Pinard: Not "a country known as—".

Mr. Diefenbaker: The minister can answer me in a moment. I am going to continue. Throughout the years, by all of Canada's leading parliamentarians, until the year 1945 or 1946, the reference in *Hansard* to Canada was invariably "The Dominion of Canada". I remember so well when the Prime Minister made his maiden speech in this house in 1941. He referred to this country as the Dominion of Canada, quoting at the same time the description of this country as it appears in the British North America Act. How many submissions were made to Her Majesty before the present Great Seal was decided on? Did any of those submissions include the description "Dominion of Canada"? At what time in our history did the Great Seal cease to have any reference to Canada as the Dominion of Canada?

Those are two matters that I should like the minister to enlighten the house and country on, for I feel that there has been much too much change made in this connection without parliament being given the right to decide the question. There are some ministers of the crown—I think of two in particular—who

whenever they speak in this house refer to this country as the Dominion of Canada. They are colleagues of the minister. I should like the minister to explain this change which has taken place so surreptitiously in recent years. I think possibly he will clarify everything when he advises how many alternatives for the Great Seal were submitted to Her Majesty. I seem to remember that when the Great Seal was brought into being reference was made, either by the minister or by some other minister of the cabinet, to the effect that it represented a final decision on the part of Her Majesty after certain alternative Great Seals had been submitted.

These are but two matters at the moment upon which I think the minister could be of considerable assistance to the thinking of our country if he were to enlarge upon them.

Mr. Nesbitt: Mr. Chairman, since the Secretary of State is the official channel through whom suggestions and recommendations by members of this house and others are made to Her Majesty or to her personal representative for her gracious consideration, I should like to take advantage of this opportunity to make two suggestions for the consideration of the government and Her Majesty. All hon. members of this house, and indeed I hope all citizens of this Dominion of Canada, are of course aware that Her Majesty is the Queen of Canada and the head of the government. However, the awareness of this fact tends to fade in the minds of the public, and indeed I think possibly in the minds of some members of the house, owing to the fact that most of us are not privileged to see Her Majesty in person, save on very rare occasions, except by means of television, newsreels and so on.

If the suggestion had been made 50 years ago that Her Majesty should take up residence for some part of the year in this country or indeed in other dominions it would have been considered impossible, but because of greatly improved transportation facilities in the world and speed with which one can travel from one part of the world to another, or perhaps it would be better to say from one part of the commonwealth to another, there is no reason that I can see why Her Majesty might not give consideration to spending some time in the Kingdom of Canada or possibly I should say in the Dominion of Canada.

I realize that because of her official duties in the United Kingdom it would be impossible for Her Majesty to do this for any great length of time, and it is also possible that other members of the commonwealth such as our sister dominions of Australia and New Zealand might also request Her Majesty to take up residence there for certain periods of time, but I think it might very well be suggested, and I hope the government will give consideration to recommending this to Her Majesty, that Her Majesty should come in person to this country and officially open each new parliament every four years and at the same time take up residence here for possibly three, four or five months. I can see no reason why this could not be done.

It would keep alive an awareness in the minds of our people that the keystone of our system of government is the crown. By having Her Majesty here in person for even a brief period of three or four months every four or five years the importance of our constitutional monarchy would be impressed, not only upon the minds of the people of this country but upon the minds of our neighbours to the south. I think this would be a very wise thing to do.

The second matter which I wish to mention and which is related to the first concerns the appointment of Her Majesty's personal representatives. In the near future Her Majesty will no doubt be appointing a personal representative other than the present incumbent and I think this matter might well be considered before any such appointment takes place. I do not think for one moment that it would be advisable, as we have done in the past, to continue to have Her Majesty's representatives appointed exclusively from the United Kingdom. I think we have outgrown that, shall I say, but on the other hand I do not think it would be wise to have Her Majesty appoint a Canadian on every occasion. While it may not be so at the present time the fact is that in the future, and we must look to the future in considering these matters, such a practice might lead to appointments of a purely political nature and that would do little less than to create a lack of respect for this very high office, the highest in the land. I think that is something which should be considered. We have seen in similar circumstances that on occasion criticism has been directed at the other place for just such practices.

What would the alternative be? My suggestion, which I believe is concurred in by other members of this house, is one which I think should be considered and carefully explored. I suggest that there should be an exchange of governors general with other members of the commonwealth. I think most of us, indeed I would hope all of us who are members of this house, will agree that the British commonwealth is a fine institution, is a fine example to other countries in the world and is something that should be preserved. Anything that we can do to help keep closer the ties between members of the commonwealth should be encouraged at all times.

There is little doubt in my mind that if we were to exchange governors general with other members of the commonwealth it would bring home to the people of Canada the fact that we are members of this great institution. It would also bring home that fact to the people of other countries in the world. They would thus see that there is some tangible relationship between the members of the commonwealth. How often have members of this house been asked by their friends from the south or from other countries just what is our commonwealth. We are told that we have different parliaments but many people do not know the relationship that really exists. They tell us that we have no common defence system, nor any common foreign policy. The stock answer is, "We have the crown as a common symbol". That is a little difficult for other people to understand sometimes because they fail to realize the relationship between the commonwealth countries. Sometimes other countries get a different and mistaken apprehension of the real bonds of culture and friendship that exist between the members of the commonwealth. I think it would help a great deal to show, both to ourselves at home and to our friends in other countries, that there is a definite link between the members of the commonwealth, if we did have an exchange of governors general.

Of course, if this were the case, any person that Her Majesty chose to appoint as her personal representative in one of the commonwealth countries would be clearly above any question of local politics, which is, of course, something not only to be desired but absolutely necessary with this very high office.

In addition to that, of course, as all members know, at the present time the only members of the commonwealth that have governors general are Canada, Australia and New Zealand. Other members of the commonwealth, such as India, Pakistan and Ceylon, at the present time do not have a personal representative of Her Majesty. But there are other countries which are presently part of the empire and not yet members of the commonwealth that will become members of the commonwealth—countries such as Nigeria, the Gold Coast and at some time in the future, no doubt, the West Indies.

If such an arrangement were made whereby members of the commonwealth exchanged governors general, it would certainly point an example to all countries of the world and show that we in the commonwealth do have respect for equality of race, creed and colour. I hope it might even encourage countries such as India or Pakistan to reconsider coming back into a somewhat closer relationship with the commonwealth than at present.

[Mr. Nesbitt.]

I realize that this is something that might seem a little strange at first in Canada if we possibly had a governor general of a different colour or even a different religion than ourselves. If the commonwealth is to lead the way in the world—I know it is a trite expression and I hesitate to use it, but it is a good one—towards the future brotherhood of man, and if we are going to live on in peace with each other in the world, we have to accept these things. I think this would show the people in other countries that we in the commonwealth mean it.

That is all I have to say at this time. I hope very sincerely that these matters have been and will continue to be kept under consideration by the government.

Mr. Stewart (Winnipeg North): For several years now the suggestion has been advanced in this house that we should have as a governor general somebody from another part of the commonwealth. However, there are very obvious difficulties, and these difficulties have been created in no small measure by the government.

Consider what would happen if we had as a governor general somebody from India, Ceylon, Pakistan or Nigeria. However would he get past the Minister of Citizenship and Immigration? It simply cannot be done, because the laws of this country are such that these people would not fit into Canada. They could not assimilate themselves in the slightest way. The climate would affect them adversely, for one thing. Therefore, though we in this party would favour such a project, there would have to be either a change in the ministry or a change in the regulations and laws of this country. From my point of view, what ought to happen is a change in the ministry, and certainly a change in the rules and laws because, as they are now administered, they are at the best an aberration and at the worst complete stupidity.

The difficulty in getting somebody from India, Pakistan, Ceylon or, as the hon. member for Oxford suggests, from Nigeria is obviously too great for the present minister of immigration to contemplate, no matter how much we should like to see a governor general coming from some other part of the commonwealth. I myself am not too addicted to the idea of always having someone from the United Kingdom come here to represent Her Majesty; still less am I addicted to the idea of some Canadian politician, past or possibly present, occupying the same high office. It is one that ought to be outside the bounds of political controversy, and I hope that is remembered in the future.

However, there is a question I should like the minister to answer now at this particular

stage. I wonder whether he can give the committee details of the latest report of the custodian of enemy property.

Mr. Pinard: The report of the custodian, which was tabled a few months ago, does indicate that the work of the office is proceeding rapidly now and that the fund still in the hands of the custodian has now reached a figure of $8,334,430. That is the fund which the office of the custodian has acquired as a result of the seizure of enemy property under the act.

There is also the office administration account, which discloses that there is still in the fund for the office administration account the sum of $4,165,878. I mention these figures because they should indicate quite a substantial reduction in so far as the fund and the vested assets of the custodian are concerned. The figures have been reduced greatly. Although it is difficult to say when they will have disposed of the whole of the assets seized, it is hoped that the work can be completed in a not far distant future.

I might also mention that there has been, as the result of what I have already indicated, a reduction in personnel. The custodian's office, which as of December 31, 1954, had a personnel of 50, has reduced its personnel now to 44. During the year 1955, two members of the custodian's office retired under the Civil Service Superannuation Act; two were transferred to other departments of the civil service; one member resigned; and one died. Furthermore, on November 9, 1955—and that is what I wanted to allude to—11 members were given notice that their services would not be required after December 31, 1955, which does indicate that the operations are proceeding in such a way as to justify the thought that the operations might be completed in the not far distant future.

Mr. Stewart (Winnipeg North): Can the minister tell me how many claims are still outstanding and against what ex-enemy countries?

Mr. Pinard: These claims, as my hon. friend knows, are dealt with by the war claims commission. I might say that the total amount of the claims paid to June 30 of this year is $5,068,000. That figure concerns claims against Germany, Hungary, Italy and Japan. The total amount of the claims outstanding is still $136,700,000, approximately, but the greater proportion of this large amount is for claims resulting from loss of property which alone represent the very large figure of $136,358,144. That does not, of course, answer completely the question asked as to how many claims are left to be dealt with, but I will try to get that information. I find I have it now. There are still in process 1,536 claims, 1,501 of which are claims from civilians, and then there are 35 claims for maltreatment from prisoners of war or their representatives. I might also indicate that the total number of claims was 13,982 out of which 4,193 have been disallowed and 8,253 have been paid.

Mr. McCullough (Moose Mountain): I should like to ask the minister a question which has already been raised in connection with the commission set up under the Inquiries Act to investigate the Patent Act and the Copyright Act. Can the minister give the committee any information as to the terms of reference of the commission? I should also like to have him give information with respect to whether or not the commission makes any investigation of the actions of companies involved in any misuse or manipulation of the Copyright Act and the Patent Act for the purpose of setting up monopolies in this country. I realize it is well known that through the Department of Justice many prosecutions have taken place under the Combines Investigation Act, but I think most of us are quite concerned about monopolies being formed in this country and the ineffectiveness of the Combines Investigation Act. Can the minister inform the committee how many cases that have been prosecuted by the Department of Justice have involved the manipulation or misuse of the Copyright Act or the Patent Act?

Mr. Pinard: I think this information could only be supplied by my colleague, the Minister of Justice. I am not in a position to say how many prosecutions have been instituted by the Department of Justice under the Combines Investigation Act even if some of them did concern the operations of the patent division, but I will try to obtain the information and see whether I can furnish it to my hon. friend.

Mr. McCullough (Moose Mountain): Can the minister give us the terms of reference of the commission?

Mr. Pinard: I think the terms of reference will cover what my hon. friend has in mind. They do allow the commission to deal with organizations which would pool patents of invention, for instance, in order to organize a combine. I definitely think that the terms of reference are wide enough to cover that, and by just reading the first paragraph of those terms I think my hon. friend will see that they do cover that. The first paragraph reads as follows:

> That a commission of inquiry be established under the authority of part I of the Inquiries Act, to inquire as to whether federal legislation relating

in any way to patents of invention, industrial designs, copyright and trade-marks affords reasonable incentives to invention and research, to the development of literary and artistic talent, to creativeness, and to making available to the Canadian public scientific, technical, literary and artistic creations and their applications, adaptations and uses, in a manner and on terms adequately safeguarding the paramount public interest, the whole in the light of present day economic conditions, scientific, technical and industrial developments, trade practices and any other relevant factors or circumstances, including practices under or related to the said legislation and any relevant international convention to which Canada is a party; to submit to the governor in council a report on its findings . . .

In other words, I definitely think that what my hon. friend has in mind is fully covered by the terms of reference. If the commission is to inquire whether federal legislation relating in any way to patents of invention affords reasonable incentive to invention and research, to the development of literary and artistic talent, etc., in a manner and on terms adequately safeguarding the paramount public interest, I do think this covers what my hon. friend has in mind.

Mr. McCullough (Moose Mountain): Can the minister state how many of these cases have been referred by the commission to the Department of Justice for review or investigation?

Mr. Pinard: I do not think the commission has yet referred any of these cases, if they have found them in existence, to the Department of Justice. Whether they have found anything of that kind will be disclosed in their report. In their report they might make recommendations to that effect but until such time as the report has been completed I do not think the commission would do that. They would inquire whether what my hon. friend has in mind exists and then in their report would make recommendations.

Mr. McCullough (Moose Mountain): I have to go to a committee right away but before I do I have one last question. Would the minister be good enough to state why there is a reduction of $15,000 in the appropriation for the commission this year?

Mr. Pinard: I am told that the commission simply informed us that they expect to complete their report by next spring and they do not think that the rest of the work to be done requires as much in the way of expenditure as the preceding work did. In other words, most of the evidence has already been submitted and the rest of the work is of a nature that does not justify the expenditure of more than is being requested.

[Mr. Pinard.]

Mr. McCullough (Moose Mountain): I take it that this will not be a continuing commission with its work continuing over the years.

Mr. Pinard: Oh no, that is not what the terms of reference disclose. They indicate that a report will be submitted which will contain their recommendations. As it says at the end of the reference, they will submit a report of their findings to the governor general in council with any recommendations that may appear advisable for changes in the said legislation. In other words, it is not a continuing commission. It is a commission of inquiry and when the inquiry has been completed it will submit its report.

Mr. Hansell: Since the minister is now answering questions, I should like to ask him two. They are in reference to a matter about which I was in touch with him some weeks ago. He will recall that I was inquiring of his department with respect to the registration of a certain pension society. I understand that pension societies and companies can register with the department of the Secretary of State. My particular questions are these. When such a society or company is registered, is it obligatory upon them to file with his department an annual financial statement of their affairs? My second question is this. If an annual statement is filed with his department, is that statement open to public scrutiny?

Mr. Pinard: There is a special act—the Pension Fund Societies Act—which deals with the conditions of incorporation. The only thing I recall at the moment of the conditions mentioned in the act is that they may register with the department of the Secretary of State. I shall be obliged to look into the matter in order to see whether they must file an annual statement and whether or not it is open to the public for examination. I shall have to look into the matter and I will try to give an answer a little later.

Mr. Hansell: All right. I will not take up any more time now but I will say this. In the case of a pension society, I believe that any member or any person contributing to that pension fund should have made available to him the annual statement as filed in the Secretary of State's department.

(Translation):

Mr. Dufresne: Mr. Chairman, I listened with much interest and attention to the remarks of the hon. member for Peel (Mr. Pallett) about a way of recognizing, through the Secretary of State, acts of

bravery performed by worthy Canadians during the year.

For instance, last fall in the city of Verdun, near Montreal, some children nearly lost their lives in an unfortunate fire. We then learned that they had been saved through the heroic action of a milkman by the name of Chipman. However, during the weeks that followed this rescue, newspapers seemed to question the identity of the rescuer and even wondered whether the rescue had actually been made by the man named Chipman or by someone else. I understand however that the Secretary of State did not investigate the matter too closely and that just the same the George Medal for bravery was awarded to milkman Chipman. The Secretary of State (Mr. Pinard) might be able to let us know what reports were made to his office on that occasion, and where matters now stand with regard to the person named Chipman, of Verdun.

That was the first matter I intended to raise.

In the second place, I thank the hon. member for Peel for bringing up this matter of the recognition of acts of bravery. It is very interesting to note that the Secretary of State grants awards to people for acts of bravery and I congratulate the department. However, I wonder—and I should like to stress that point—whether it would not be possible also to recognize the obvious talent of some people who are active in other fields. Many Canadians, throughout the country, and regardless of language or religion, have, each in his own field, made important contributions and rendered great services to the Canadian nation.

I may perhaps be allowed to insist particularly, this afternoon, on the worthy contribution made to Canadian literature generally and perhaps to French-Canadian literature especially, by an obviously gifted young man, a remarkable author who, by the way, was born and raised in the constituency which I have the honour to represent here. Because of this talent and of the personal qualities so characteristic of the man, he had become prominent not only in French Canada but throughout this country. The merits of Mr. Roger Lemelin, well known writer, have been recognized not only by the city of Quebec from whom he has received, only a short time ago, a certificate of honorary citizenship, but also by France. Flattering tributes have also come to him from the United States. At the present time all Canadians are privileged to appreciate the remarkable talents of this young man of whom we are so proud and whose work is carried over the airwaves in both the English and the French languages.

He is the author of that remarkable book called "Au pied de la pente douce" (The Town Below) and of that other one to which I have particular reference and which has already been translated into several languages, "The Plouffe Family" which is carried every day on Canadian television stations.

Mr. Chairman, I should like at this time to speak on behalf, not only of Canadians of the province of Quebec, but of all Canadians in general, so that the department of the Secretary of State may give recognition to the undeniable value of this fellow citizen, who is a credit to his family and his small Quebec home, as well as to the whole people of Canada.

Roger Lemelin is my fellow citizen and I believe that this well-known, very popular and highly esteemed author's competence and contribution to Canada's cultural development should be given official recognition. That would certainly be looked upon favourably all across the country.

Mr. Chairman, I should now like to state my personal opinion on a question raised a few minutes ago by two members of different political affiliations and which has not received unanimous approval. I shall state a third point of view as regards the appointment of the governor general of Canada.

I believe we should be proud that a few years ago Canada which, after all, is an adult and autonomous nation, appointed for the first time a Canadian as governor general of Canada. I would not suggest that we should go out and seek in other countries of the commonwealth for people of unquestioned merit to assume the duties of governor general of our country. Rather do I feel that we should stick to the present procedure and appoint an English-speaking Canadian whose successor would, in turn, be a French-speaking Canadian.

I believe that somebody has already proposed that the next governor general of French language be the right hon. Prime Minister of Canada (Mr. St. Laurent). I have no objection and I would even approve the choice immediately if the right hon. Prime Minister decides to tender his resignation as Prime Minister of Canada, and I say this jocularly.

I believe that we should proceed in that connection according to the same principle

which prevails in the House of Commons. We recognize that there are two official languages in Canada. The fact is asserted in the British North America Act. We recognize that principle in the House of Commons by appointing alternately, for each parliament, a French-speaking Speaker and an English-speaking Speaker.

Mr. Chairman, I believe that the few remarks I have made today in the house should be taken into consideration and that serious thought be given to the possibility of appointing, when the mandate of His Excellency the Governor General expires, a French-speaking Canadian to that honorary office.

Mr. Chairman, those are the few remarks I wished to make this afternoon, perhaps contrary to what I usually do, I did not criticize. I hope that those few remarks will be taken into serious consideration by the hon. the Secretary of State and by the government of which he is a minister.

Mr. Girard: Mr. Chairman, I would like to put a few questions to the hon. Secretary of State (Mr. Pinard).

Last year, in this house, I put on the record some figures taken out of the public accounts about the representation of French-speaking Canadians within the federal civil service. This year, I understand that the hon. Secretary of State who now has jurisdiction over the civil service commission has himself ordered an inquiry such as I urged last year, and I wanted to know whether his department had made that inquiry.

To a question which I put to him a few months ago, he answered that in fact he had ordered such an inquiry and that, after waiting a few weeks—

Mr. Pinard: Would the hon. member allow me a question? Is he saying at this time that I personally ordered an inquiry along the lines he has indicated, or whether such an inquiry has been ordered by the civil service commission. I would like to keep the record straight. This information was requested by the civil service commission, not by myself.

Mr. Girard: I believe that, in his answer to the house, the hon. Secretary of State said that the inquiry had been ordered by the civil service commission, but that the commission was under his jurisdiction.

Mr. Pinard: I understand but the civil service commission is an altogether independent organization of which I am simply the spokesman in the House of Commons.

Mr. Girard: As spokesman for the civil service commission, is the hon. Secretary of State now in a position to give us the figures brought about by this inquiry?

Mr. Dufresne: Did the hon. Secretary of State ask the civil service commission to investigate this matter?

Mr. Girard: Yes, the investigation took place, because the minister replied in this house that he had the figures in hand. When giving me those figures, would the Secretary of State tell us, if possible, on what basis that inquiry was made as to the proportion of bilingual civil servants in the different departments, so that we may know what this representation can mean? I would say this. If, in an inquiry on bilingual civil servants, you put together telephone operators, elevator men and engineers, you do not get, of course, a true picture of bilingual representation. I mean that you do not get the true representation in certain executive positions. Did the department, for instance, get any figures as to the number of those who get over $5,000 a year, which might indicate a bilingual representation of "X"?

Then, could the minister tell us first whether his department has been able to find out, say for the last ten years, what has been the percentage of the progress or of the set-back, as the case may be, experienced by bilingualism in the civil service in general, and secondly by the French-Canadian representation in the civil service?

Here are the figures I arrived at last year on the basis of the public accounts report. By looking up the number of French-speaking employees earning over $5,000 a year, I found out that these employees held 13 per cent of the executive positions. Yet these employees are practically the only bilingual employees in the country. I would like to ask the minister if there has been any progress or otherwise since last year? Can he tell us if his department has taken any steps to promote bilingualism in our Canadian nation and especially in the federal civil service? What has he done personally to encourage such a move? Are there any associations, any movements or any places where, thanks to the government, classes are held for employees who need to be bilingual?

The general feeling prevalent amongst most French-Canadians is that, instead of

something positive being done, the problem is dealt with as it arises. There is another impression abroad too, and that is that the government is content to deal with these problems only when they are acute and that nothing active or positive is being done in order to promote bilingualism. And yet bilingualism provides a bond of goodwill between the two great races which share in the destinies of this fine country of ours.

I would therefore like the minister to tell me what he plans to do in the various departments in order to promote bilingualism. I see that bilingual French-speaking employees are paid the same salary as English-speaking employees, who speak only one language. As a matter of fact, here, in this parliament, the same salary is paid bilingual stenographers as is paid unilingual ones. There would seem to be an opportunity here of promoting real national unity in this country.

(*Text*):

Mr. Diefenbaker: Mr. Chairman, I know that there were other matters which intervened and denied the minister the opportunity of answering the questions which I directed to him some time ago. I will add to those questions as part of the general picture, so he may answer them all at once. I should like to know who are the members of the awards co-ordination committee. How often does this committee sit, and has it made any recommendations for the award of the Canada medal that have not been acted upon by the government in a recommendation to Her Majesty? Furthermore, in regard to the Canada medal I should like to ask the minister whether or not the medal was produced. Has it been minted, if that is the proper expression? In what numbers has it been minted and where are those medals being kept? This mystery deserves to be dissipated because I remember, as does the minister, the degree of enthusiasm with which the former prime minister produced this decoration which was to be peculiar to Canada and one which was to be awarded with much care. Surely, that degree of care does not make necessary the entire denial to all the population of this most worthy decoration.

Mr. Pickersgill: It is the scarcest decoration in the world.

Mrs. Fairclough: It is non-existent.

Mr. Diefenbaker: Well, that is a proper description of it. It is almost a collector's item. That is how scarce it is. We should find out where those medals are, because certainly many worthy Canadians will be interested to know that the worthiness of this decoration is apparently dependent upon its not being awarded.

The other question I asked the minister had to do with the use of the word "Dominion" and its removal from the Great Seal.

Mr. Pinard: Did it exist? Does my hon. friend know whether it actually existed on the Great Seal?

Mr. Diefenbaker: I saw the actual Great Seal. The minister can answer when he rises. There has been a movement, Mr. Chairman, in the direction of chiselling away the use of "Dominion". I saw an example of it in the dominion bureau of statistics building in this city, that magnificent structure, the proper description of which, according to the statute is the dominion bureau of statistics. But, on the two pillars in front of the building the word "Dominion", which is the official title under the statute, has not been added. It simply says "Bureau of Statistics Building", although when you get inside the building you find on the walls it is described on the armorial bearings on the permanent structure as "The Dominion Bureau of Statistics". I would ask the minister to enlarge on the reason why the expression "Dominion of Canada" is being avoided by this government, and on the basis of what legislative enactment of parliament is it being done?

Following that, I should like to direct the minister's attention to one other matter, but since it is not connected with the two questions I have asked him I would appreciate very much if he would enlarge on the matters and give the country the benefit of his knowledge in connection therewith.

Mr. Pinard: Mr. Chairman, I wish first of all to say that no doubt the gifted way in which the hon. member gave the benefit of his knowledge of these matters will be appreciated, and I have listened to his remarks with great interest.

He asked a question concerning the Canada medal, to which he also made allusion a few minutes ago. During his remarks he marvelled at the preciousness of that decoration which has not been awarded to anyone since it has been created. If I am not mistaken, the Canada medal was established in October, 1943, by order in council P.C. 7964. I am not in a position to say whether or not the

medal has been minted. I think I heard remarks last year to that effect made by someone in this house, but I have not been able to ascertain whether in fact this medal has been minted by the Royal Canadian Mint. One thing appears to be sure, namely, that no award of this medal was ever made, at least to my knowledge, to anyone. Whether or not the enthusiasm to which my hon. friend referred, which was in the mind of the then prime minister when he created it, was shared by the members of this government I do not know. But the fact remains that no such medal was awarded to anyone to my knowledge.

The hon. member also made reference to the Great Seal of Canada which he says—

Mr. Diefenbaker: Before the minister goes on, will he say who the members of the awards co-ordination committee are and whether they recommended anyone for this medal?

Mr. Pinard: No, I may say immediately no recommendation was made by the awards co-ordination committee for the awarding of the Canada medal. The committee's chairman is my deputy minister and the members of the awards co-ordination committee are representatives from at least two or three departments of the government.

Mr. Diefenbaker: Who are they?

Mr. Pinard: There is the under secretary of state as chairman; there is a representative of the governor general; there are three representatives of the Department of National Defence; there is a representative of the Department of Labour and of the Department of Transport; and also a representative of the dominion archivist; but they are not necessarily the same people. There is a representative from each of those departments who is not necessarily always the same. This group forms the awards co-ordinating committee which sits on no fixed dates but whenever there are enough requests for decorations to justify a sitting of the committee to take place.

Mr. Diefenbaker: When did it last sit?

Mr. Pinard: It did sit quite recently, if I am not mistaken, a few weeks ago.

Mr. Stewart (Winnipeg North): How often has it sat altogether?

Mr. Pinard: A number of times, but I cannot possibly say how often.

Mr. Stewart (Winnipeg North): With very negative results, I take it.

[Mr. Pinard.]

Mr. Pinard: Not necessarily. I think in quite a few cases quite a few representations and recommendations were made and in most cases they were followed.

The hon. member for Prince Albert also referred to the Great Seal of Canada and mentioned the fact, if I understood him correctly, that the expression "The Dominion of Canada" had disappeared from the Great Seal of Canada.

Mr. Diefenbaker: I did not say that. I asked if it had, and if there had been any change?

Mr. Pinard: The inscription on the former Great Seal of Canada was as follows, and it was in Latin: "George VI, by the Grace of God, of Great Britain, Ireland and the British dominions beyond the seas, King, Defender of the Faith. Georgius VI" and then the initials "D. Gratia Mag.", which I unfortunately cannot translate. It would be magnae—I am not sure. "Brit."

Mr. Diefenbaker: What are those letters?

Mr. Pinard: M-a-g. I will ask the Minister of Citizenship and Immigration.

Mr. Pickersgill: I did know at one time, but I have forgotten.

Mr. Diefenbaker: That must be some language other than Latin; otherwise the minister of citizenship would certainly be able to clear it up.

Mr. Pickersgill: It is an abbreviation and I forget what it abbreviates.

Mr. Pinard: The English words I quoted were a translation of what I am now trying to read and cannot because I have just the abbreviations. I would have to read what they mean one by one, and unfortunately I cannot translate them at the moment.

It has been said that the Great Seal does not contain the words "Dominion of Canada". The previous seal contained a reference to British dominions beyond the seas. I have a copy of a print taken from that seal. The hon. member also said that there seems to be a growing practice of doing away with the word "dominion". I would refer him to the British North America Act but I realize also that the opinion I hold may not be shared by my hon. friend. Section 3 reads:

> It shall be lawful for the Queen, by and with the advice of Her Majesty's most honourable privy council, to declare by proclamation that, on and after a day therein appointed, not being more than six months after the passing of this act, the provinces of Canada, of Nova Scotia, and New Brunswick shall form and be one dominion under the name of Canada.

If I remember correctly the Prime Minister said at one time that it should be possible

to designate our country as the Dominion of Canada or as Canada. In my opinion either expression could be used, but whether or not this country should be designated as the Dominion of Canada or as Canada would be left to the appreciation of the person concerned.

The hon. member for Prince Albert inquired as to what alternative submissions had been made to Her Majesty in connection with the Great Seal. I may tell him that only one submission was made containing a recommendation that the words now contained in the new Great Seal of Canada be used. In other words, the design and inscription were the result of that one recommendation and submission made to Her Majesty.

(Translation):

Mr. Chairman, I think I should answer some questions asked by the hon. member for Quebec West (Mr. Dufresne) and the hon. member for Lapointe (Mr. Girard). I should reply first to the remarks made by the hon. member for Quebec West about the George Medal awarded a few months ago to Mr. Edward Chipman. If I remember rightly, the *Canada Gazette* announced in December 1955 that such a decoration had been awarded. Moreover, if again my memory serves me well, the award of the George Medal had been recommended following an act of bravery on the part of Mr. Chipman in a fire that occurred in December 1954. Since the question was raised by the hon. member for Quebec West, I take this opportunity to inform the house that a decision has been made in this matter, and that it will be made known in the *Canada Gazette* of this forthcoming Saturday.

(Text):

Possibly I should continue my remarks in English for the benefit of those who might be interested in this matter and who might not be able to follow exactly what I am saying in French. This medal was awarded in December, 1955 as the result of a recommendation made to Her Majesty. Hon. members will recall that after the medal was awarded certain allegations were made in the press that the act of bravery which had been performed by the recipient of the medal was not of a degree to justify the awarding of the medal. Because of that controversy the recipient of the medal has asked permission to have the award cancelled, and has so informed the chairman of the awards co-ordination committee. I can say now that Her Majesty has graciously agreed to have the award cancelled and the notice will appear in the *Canada Gazette* of this week reading as follows:

The Queen has been graciously pleased at the request of Mr. Edward C. Chipman, Verdun, P.Q., to cancel the award of the George Medal to Mr. Chipman, of which notice was published in the *Canada Gazette* of December 17, 1955.

I can assure the house that the matter was investigated fully and considered in all its aspects. While controversy in regard to a matter of this kind is of course perfectly legitimate and helpful in my opinion it should not be prolonged because it would tend to discredit this very high decoration. As far as I am concerned I would think the fact that the intended recipient of the medal has asked to have the award cancelled does not necessarily indicate that he did not perform an act of bravery. No doubt because of the controversy and the other circumstances he decided that he ought to ask permission to have the award cancelled. The allegations made in the newspapers at the time were that the act of bravery in which he participated might not have been of a degree which justified the awarding of such a high decoration.

I might mention incidentally that this is not the highest decoration awarded to civilians; the highest is the George Cross. When this matter was being discussed by the newspapers it was said that the decoration that had been awarded was the highest that could be awarded to a civilian.

I do not think anything more need be said, nor would it be helpful. In my opinion it would simply help to discredit this medal which is held in such high esteem by the nations of the commonwealth.

(Translation):

Mr. Chairman, the hon. member for Lapointe has referred to the problem of bilingualism—and I am stressing those words "problem of bilingualism"—which is of great concern to him, for which I give him great credit. It is a problem which I myself consider of the highest import. I must say that, since I first entered this Canadian parliament, I have always taken every possible step to have such a bilingual group as would reflect great credit not only on the province of Quebec, but on the French-speaking minority that he and I, as well as several others, represent in this house.

First of all, I would like to say a few words in connection with his remarks about an inquiry that is supposed to have been directed by the civil service commission. I do say "directed by the civil service commission" because this is the information contained in the answer I gave at the time. The civil service commission, which is a definitely

independent organization, had decided for reasons it had considered necessary, to inquire and attempt to determine what was the position in relation to bilingualism in the province of Quebec as well as in the remainder of the country. Following a request by my hon. friend, I informed him of the answer supplied by the civil service commission, and from which the hon. member probably inferred that most departments had not been able to give an adequate reply. I then pointed out that the answer of the civil service commission, which I was endorsing, indicated that it was difficult to determine the degree of bilingualism among employees of the commission. Some of these with English-sounding names nevertheless speak excellent French and, in some cases, even do not know English. The opposite is also true. Some with French-sounding names do not speak French.

There is also that extremely difficult and arduous matter of analysing the degree of bilingualism of an employee of the civil service commission. It is undoubtedly for that reason that only an inadequate answer can be given on the matter, for it is practically impossible to give an accurate reply.

I remember the comments that were made at the time by some newspapermen who blamed me for endorsing that reply which, according to them, was not satisfactory. I wish to repeat that, in my view, it is extremely difficult to determine the degree of bilingualism of a federal civil servant. I would be very glad for suggestions, not only from my hon. friend but from anyone else in this house, as to how investigators should go about determining which civil servants are genuinely bilingual. In very many cases bilingual candidates occupy a position where they need not be bilingual. On the other hand, there are cases where employees who claim to be bilingual are not so at all. That is why it is very difficult to give exact and adequate information on this matter.

Just as my hon. friend, I am convinced that bilingualism is making notable headway in this country. I agree with him that there is still room for improvement. Some time ago, the hon. member introduced in the house a bill containing certain suggestions. At that time, I opposed the bill as it was drafted but I clearly stated that I approved it in principle. By what means the suggestions made in that bill could be implemented that remains to be seen. Personally, I believe, as my hon. friend, that bilingual employees should receive not a preferential but a different treatment, on account of that extra qualification, and that they should therefore be given preference over any non-bilingual candidate to a civil service position. Some system might be devised to achieve that end. Following the introduction of my hon. friend's bill,—indeed I had done so before that—I discussed the matter at some length with representatives of the civil service commission and I asked them to suggest as soon as possible some amendments to the civil service regulations so as to do justice to the employees concerned.

As I pointed out a moment ago, the commission is an independent organization, but I really hope to be able to convince it to bring about certain changes along the lines I have indicated.

Mr. Girard: Will the minister allow me a question?

Mr. Pinard: Of course.

Mr. Girard: The minister stated a while ago, in his answer, that it was no easy matter to determine the degree of bilingualism of a civil servant. But would it not be possible for a candidate to demonstrate his ability by submitting to a test? Does the civil service commission not have several classes of examinations which are meant to determine whether a candidate is really qualified? Could not something along those lines be brought about to determine whether such and such a candidate is bilingual or not? Examinations are not drawn up to determine whether a candidate is bilingual, but merely to find out whether he is competent.

Mr. Pinard: I think I have answered that. The linguistic knowledge of the candidate is assessed but it is not the subject of a separate examination. Perhaps there should be an examination to determine in the first place the extent of bilingualism of a candidate but I must point out that this qualification is taken into account and is part of the examination. The suggestion made by the hon. member that a separate examination be held to determine to what extent each candidate is bilingual may be an excellent one. I take note of it and I am very glad that the hon. member made it.

As I pointed out a moment ago, I asked the civil service commissioners to make a study of this matter and to draft amendments to be made to the regulations with a view to correcting a situation which, to my mind, is not satisfactory at the present time. It is not satisfactory because it is difficult to arrive at definite conclusions. As soon as I receive those suggestions, I shall make the necessary recommendations to the government and the civil service commission.

(Text):

Mr. Jones: I should like to refer again to the custodian of enemy property. I need hardly remind the minister of the disgust and dissatisfaction that we felt in British Columbia when the government moved the Japanese inland and in its panic turned over their properties to be sold at a fraction of their value. The Japanese and the public of British Columbia have never been satisfied that these people got a fair deal. I am satisfied to this day that they got a rotten deal, caused by the panic of the government during the war.

For that reason we have had stories of the wealth these people lost, the property they lost and the businesses they lost. In order to try to get at the facts I would ask the minister to give me four figures if at all possible; that is, first of all, the total amount of claims made by Japanese in British Columbia, the total amount paid on those claims, the amount of the claims refused and the amount of the claims still outstanding. I think if we get those four figures we will have the answer to the dissatisfaction that is still rampant among the people who know the Japanese, live with them and in many cases have dealings with them. I hope the minister can give me those figures.

Mr. Pinard: I shall try to obtain those figures. Some of them would be contained in the report of the royal commission that considered this problem at the time, but I will try to get more precise and definite figures from the custodian's office and inform my hon. friend accordingly.

Mr. Jones: I tried to get those four figures and I could not. If the minister would kindly undertake to give me those figures at a later date I would be very pleased.

Mr. Pinard: I will certainly do that.

Mr. Diefenbaker: Mr. Chairman, I return once more to one of the questions I asked the minister. Before doing so, however, I want to say to the minister that I like the courteous way in which he answers questions. This type of examination of estimates brings out information without unnecessary heat, and I do say to the minister that the manner in which he answers questions deserves commendation. I very seldom say things like that, but when a minister acts as he has acted today they deserve to be said. That does not mean, sir, that I agree with some of his conclusions.

Mr. Pinard: Beware of the Greeks.

Mr. Diefenbaker: He rather brushed aside the action of the government in trying to get rid of the word "dominion" in every possible way, for what reason I do not know. The minister explained that according to the preamble of the British North America Act it was possible to say that this country was the Dominion of Canada or Canada. The fact is that for over 80 years tradition everywhere in our country has resulted in it being described as the Dominion of Canada.

Mr. Pinard: We also say province of Saskatchewan. We also say province of Quebec.

Mr. Diefenbaker: I come back to an example I mentioned a while ago having to do with the bureau of statistics. According to chapter 257 of the Revised Statutes of Canada, and this has not been changed by parliament, "bureau" means the dominion bureau of statistics, and the act is an act respecting the dominion bureau of statistics. Yet some tinkerer has altered that title on the front of the dominion bureau of statistics building to "bureau of statistics". It is this tinkering outside of parliament to which I object. If these changes are to made, let them be made by the representatives of the people of Canada, not by administrators, cabinet ministers and others behind the back of parliament. Having said that, I wish now to make reference to another matter.

Mr. Pinard: I do not think there was any alteration or change made.

Mr. Diefenbaker: Oh, yes.

Mr. Pinard: Not on the building to which the hon. member refers.

Mr. Diefenbaker: The building should be the dominion bureau of statistics building.

Mr. Pickersgill: Maybe it should be, but it never was. You said it had been altered.

Mr. Diefenbaker: Here again we have that customary deviation or perhaps I should say uncustomary deviation from the facts in which the Minister of Citizenship and Immigration so often engages.

Mr. Pickersgill: I rise on a question of privilege. My question of privilege is that the hon. gentleman said I had deviated from the facts, or he referred to a customary deviation from the facts.

Mr. Diefenbaker: Uncustomary.

Mr. Pickersgill: I am not objecting to him saying that at all, but I do think if he does say it that I am entitled to be told in what respect I have deviated. I should like to put this question to him because I think we can clear this up at once. He said the title on the building was altered. The building is a new building, and I do not believe there was ever any alteration made in the title. I believe it has always had the same title in the few years

since it was built. This is an example of the hon. gentleman's customary deviation from the facts, not mine.

Mr. Diefenbaker: Mr. Chairman, that is an example of the kind of hairsplitting that used to be engaged in by the "school-men" in the middle ages.

Mr. Pickersgill: Anybody who talks about "Dominion of Canada" is hairsplitting.

Mr. Diefenbaker: Well, the proper description is "dominion bureau of statistics" according to the statute, and the building should be the dominion bureau of statistics building. In spite of that these tinkerers, who are forever chiselling at Canada's relationship within the commonwealth—

Mr. Pinard: I do not think so.

Mr. Diefenbaker: —have removed "dominion" in the description of that building, though when you come inside the building where there is less permanence the building is described in painted letters as "dominion bureau of statistics". But outside on the plaque it is "bureau of statistics".

An hon. Member: Splitting hairs.

Mr. Diefenbaker: Having said that, I say that what many Canadians object to is that these changes, like the telephone book changes and the like, are all made outside of parliament. If they are to be made, let them be made by the representatives of the people openly and aboveboard instead of in a subterranean manner by administrative order or direction.

Mr. McCann: Give the flag another wave.

Mr. Diefenbaker: Oh, that is a typical statement of the hon. gentleman. It is not a question of the flag, it is a question of tradition. It is a question of things being done in a parliamentary way instead of underground and by devious methods. It is against this latter practice that I raise my voice.

Mr. Pickersgill: Childish.

Mr. Pinard: May I ask a question?

Mr. Diefenbaker: I have apparently touched a sore point.

Mr. Pinard: May I ask what this has to do with these estimates?

Mr. Rowe: Ask the fellow behind you.

Mr. McIlraith: Mr. Chairman, on a point of order I should like to know by what right we discuss matters relating to the Department of Trade and Commerce on the Secretary of State's estimates. If the right is being granted to the hon. member to discuss trade and commerce estimates now, can the rest of us discuss any item of trade and commerce estimates we wish at this point?

Mr. Diefenbaker: The hon. member just came in within the last few minutes. The discussion this afternoon has been in his absence.

Mr. McIlraith: That is not right. That is contrary to the fact. Your own members will tell you I have been talking with them.

Mr. Diefenbaker: I saw the hon. gentleman come in and he did not hear the earlier discussion. I was using this example in support of my argument that the word "dominion" is gradually being removed by other than parliamentary means, and this was but an example. I was not discussing the estimates of the Department of Trade and Commerce. If my hon. friend had been here—no doubt he was unavoidably absent for other reasons—he would have been aware of the ground upon which the reference was made.

Mr. McIlraith: Mr. Chairman, I think I must insist on pursuing the subject. First of all, the hon. member has made a foul accusation as to where I have been this afternoon.

Some hon. Members: No.

Mr. McIlraith: I have been in the chamber practically since 2.30 this afternoon, as the members of his own party will tell him if he will take the trouble to ask them. I have been talking with several of them. I do not want the hon. member to get away with putting a misrepresentation like that on *Hansard*. Having stated that question of privilege, Mr. Chairman, I want to ask you to make a ruling on the point of order. I shall abide by the ruling, too, unlike the hon. member.

The Deputy Chairman: Order. May I make it quite clear that I have just come in. I did not hear the previous debate, but I have been advised as to its tenor by the clerks at the head of the table. I may say that I have been in the chair long enough to say that I do not think any foul accusation was made by the hon. member for Prince Albert sufficient to require a retraction. As I understand it, the question of the use of the word "dominion" and its connotation in connection with decorations and other matters has come up under the estimates of the Secretary of State, and perhaps not unnaturally.

I am not going to rule that the references are out of order. Of course if the hon. member for Prince Albert were to proceed to a critical discussion of the administration of the dominion bureau of statistics, the shoe

might be on the other foot. I believe the hon. member and all other members of the committee can carry on the type of discussion which has been carried on without the necessity of interference from the chair.

I am going to suggest to the hon. member for Prince Albert that he has made his reference or his allusion. I am not going to rule out of order on these estimates a discussion as to the use of the word "dominion" or its non-use by any department of government, because perhaps that matter would be brought to the attention of the government through the department of the Secretary of State. So far I do not think we have exceeded the wide rules which we usually try to apply in connection with discussion of the estimates.

Mr. Diefenbaker: Mr. Chairman, first I want to say to my friend the hon. member for Ottawa West that there was not any foul accusation. I simply said that he was not here at the time and therefore did not understand how this reference came to be made.

Mr. McIlraith: Why did you misstate the facts?

Mr. Diefenbaker: Far from my endeavouring to foul him, Mr. Chairman, may I say that he succeeded in doing that himself. I did not have anything like that in mind at all.

Mr. McIlraith: Why did you misstate the facts?

Mr. Rowe: He did not do that.

Mr. Diefenbaker: My hon. friend is unnecessarily touchy. I never had anything in mind to harm him. I said, "no doubt unavoidably". It turned out that it was unavoidable, that he was at some committee meeting.

Mr. McIlraith: He was not at a committee meeting.

Mr. Diefenbaker: Surely his conscience should not prick him like that.

Mr. Rowe: He said he was not at a committee meeting, so it was not unavoidable.

Mr. Diefenbaker: Then I withdraw the word "unavoidable" and say "avoidable". There is one other thing I want to bring to the attention of the minister now. There is provision for a report to him by the committee on the use of parliament hill. I do not know exactly what the nature of that committee is, what it reports on or the nature of the subjects with which it deals. However, I feel that in general it will deal with such matters as are concerned or connected with parliament hill.

I should like to ask the minister whether this committee has made any report in connection with a structure on parliament hill which I believe, more than anything else, is one of the great traditional buildings on this hill. I refer to the old Supreme Court of Canada building, for it was in that building that some of the great parliamentarians of Canada, including prime ministers, appeared as counsel. I think of Edward Blake—

Mr. Pinard: Yes; but that would be under the Department of Public Works.

Mr. Diefenbaker: I will terminate my remarks. As I say, I think of Edward Blake, Sir John Thompson, Sir Robert Borden, Right Hon. R. B. Bennett and Louis St. Laurent, all prime ministers of Canada who appeared from time to time and made their distinguished names in that building. I should like to ask the minister whether or not the perpetuation or the preservation of that building, great in history—actually the place where our constitution received its major interpretation—should not be a matter of concern, and whether it should not be maintained as part and parcel of those things worth preserving and deserving to be preserved as part of our history, our tradition, and our past.

Indeed, in so far as the constitution is concerned all our future was made in that building. In that place these five outstanding lawyers, four of whom afterwards became prime ministers of Canada and Edward Blake, the leader of the Liberal party in the 1880's and one of Canada's most outstanding lawyers if not the most outstanding one, made their reputation and shaped Canada's future. Has consideration been given by this committee to the need of preserving this building as one of our great and ancient heritages for the benefit of this and future generations?

Mr. Pinard: Mr. Chairman, I must inform the hon. gentleman that this committee is concerned simply with the use of parliament hill and has nothing to do except with regard to ceremonies to be held on parliament hill. The matter to which he has referred is under the authority of the Minister of Public Works.

Mrs. Fairclough: Mr. Chairman, I think it is probably appropriate that in this week in which we have celebrated Dominion Day as the 89th birthday of this great nation, we should now be discussing in this house matters of tradition and honour. In that regard I should like to draw the attention of the minister and the members of this house to what to me seems a great oversight.

Earlier this afternoon members of this house spoke of a Canada Medal. I believe some questions were asked with reference to the Canada Council. But recognition for services rendered and work done in Canada has over the years been accorded to Canadian citizens by the government or other bodies in Great Britain. It is true that these particular honours have been valued very highly. There have been practically uncountable awards of C.B.E.'s, O.B.E.'s and M.B.E.'s, though I hear now that there will be no more of these awarded except to members of the armed forces. One outstanding Canadian is the holder of that great and noble award, the Order of Merit. We have a few who have been made Companions of Honour, and the George Medal has been awarded both to military personnel and civilians.

All these things have added, in their own way, to the character of this nation and its outstanding citizens. Other countries honour their outstanding citizens. I speak now in terms of those who have made names for themselves in the artistic world. While our great neighbour to the south possibly is inclined to reward them in a monetary way —something which is no doubt to their satisfaction—and also with some adulation, which may not be completely to their satisfaction, it seems to me that Canada does nothing for its outstanding sons and daughters. Those who have made names for themselves all too frequently wear foreign decorations, without even the recognition of the United Kingdom and certainly with no recognition from Canada. In fact it would seem the only thing Canada does for its outstanding artists is to feed them to the United States market.

There are a great many persons who come to mind, musicians, painters, sculptors, dramatists, writers and others, and a great many actors and actresses who have made names for themselves not only in the United States but abroad. We have young people who find it impossible to acquire recognition in this country, and certainly impossible to make a living here in their chosen field. They go either to the country to the south or to Europe. Of course, that is for them to decide; but there are great people who stay in Canada, who do wonderful work and pile up for this country great honour and prestige.

One of these great men has just recently been accorded a rare honour. I refer to Dr. Healey Willan, the most famous organist and composer on this continent and one of the greatest in the world. A week or so ago he received from the Archbishop of Canterbury the rare Lambeth degree of doctor of music. He was the only composer not resident in the United Kingdom who was asked to write a homage anthem for the coronation of Queen Elizabeth II. We all, as Canadians, I know rejoice in this recognition of a beloved, outstanding Canadian, but I should like to ask the minister if he does not think it is about time that Canada did something for its distinguished citizens.

I am sure that a few years ago Canadians generally thought when the government of this country refused, on behalf of its distinguished citizens, to accept any titles, something would take the place of that recognition of their services. When it was said that the Canada Medal would be awarded under specific circumstances we all believed it. Now it would seem that either through neglect or design this Canada Medal has faded into the fairy tale realm and there is little or no hope of it being awarded or of anything being suggested to take its place. It fills me with great sorrow, Mr. Chairman, when I see persons of the calibre of the great Dr. Willan, who are not recognized in any respect by their own nation.

I trust that the minister will not treat my remarks lightly but will suggest to his colleague that something be done, and soon, to give suitable recognition of Canadian citizens.

Mr. Michener: I should like to address a few remarks to the minister in his capacity as spokeman for the chief electoral officer.

The Deputy Chairman: I am not going to rule the hon. member out of order, because we are on the departmental item, but if he is going to ask some questions may I point out that there is a separate item under the chief electoral officer and at that time I understand the appropriate officials will be available.

Mr. Michener: My remarks are general. I am not looking for information but I am hoping to give some.

Mr. Pinard: Even if they are general, I cannot see how they could relate to the department of the Secretary of State.

Mr. Michener: I am quite prepared, if the minister wishes, to make my remarks when those estimates are being considered, which I take it will be—

The Deputy Chairman: Following the departmental estimates.

Mr. Pallett: I have one question arising out of the discussion this afternoon. Can the minister inform the house if there is actually in existence an approved design for the Canada Medal and if so where it is?

Mr. Pinard: I recall rather faintly that at the time a design was approved. I have even been informed that some time ago some of these medals would have been minted. I cannot give more information than I have; that is all I can give.

Mr. Pallett: Do I understand that there is presently no approved design that could be examined by any member of this house, or no copy of the medal that could be seen?

Mr. Pinard: I think this design appeared in the press some time ago. Perhaps my hon. friend could get some information from the officers of the Royal Canadian Mint.

Mr. Pallett: This question is not asked without foundation. I have made some inquiries, and I am directing my question to the minister who is responsible.

Mr. Pinard: I shall try to look up that and give the information later.

Mr. Regier: I was pleased to have the minister give the hon. member for Okanagan Boundary the assurance that he will be supplied with information concerning the claims of Canadian citizens of Japanese origin. Quite a number of us regretted the hasty manner in which the assets of these Canadians were seized by the custodian of enemy property. All of us, I am sure, regretted the manner in which those assets were disposed of. As a result of those proceedings many of these Canadians applied for compensation. They applied for redress of their grievances. They claimed they had been very shamefully dealt with, and a goodly number of them received further compensation as a result of a commission that was later set up to investigate these claims.

On the whole the findings of this commission were nothing more nor less than a whitewash of the actions of the custodian of enemy property. However, some of these Canadians did receive awards on their claims. When the minister supplies the information I hope he will also be able to supply us with information as to what action was taken against those Canadians who so shamefully possessed themselves of property belonging to their fellow Canadians. What I have in mind, for example, is that some of this furniture was placed in a large warehouse. The warehouse was broken into, and when it came time to sell the furniture it had all disappeared.

There are actually a number of cases where Canadian citizens obtained property at prices that everyone knew to be away out of line. Were any prosecutions launched against those people who collaborated with one another to deprive their fellow Canadian citizens of what they owned? I have in mind even such things as forest holdings. Was any legal action taken against anyone for any of the proceedings in those years?

Mr. Pinard: I shall try to obtain this information, which would possibly be available from the Department of Justice, as to whether any prosecutions were launched. I know the matter was fully investigated by a royal commission at the time, and a number of complaints were made afterwards which were then analysed. I do not think I can add very much to what the report contained at the time, but I shall try to obtain information as to whether any legal action was taken by the Department of Justice and inform my hon. friend.

While I am on my feet I would like to answer a question asked by the hon. member for Macleod. The Pension Fund Societies Act, section 16, reads as follows:

> Every society formed under this act shall at all times when thereunto required by the governor in council or by either house of parliament make a full return of their property and of their receipts and expenditure for such period and with such details and other information as the governor in council or either house of parliament requires.

I am informed that none of these societies has yet been required to report according to the provisions of this section.

Mr. Pallett: In the first item of the details on page 501 I note that last year there was a confidential messenger at $2,760. This year none is mentioned in the estimates. Can the minister tell us what the functions that confidential messenger performed that are now no longer required to be performed?

Mr. Pinard: At one time there was a messenger of my department in the Montreal office, and the position was abolished.

Mr. Knight: Mr. Chairman, I was interested in the Chipman case. I noticed the minister showed some reluctance to discuss that case. I personally do not take that view. I think we should discuss public business here. If this is not the place to discuss it I do not know where we should discuss it. It would appear to me that whether it was through slackness in the minister's department, or where it was, the Governor General, because I presume he was involved, and certainly Her Majesty were put in an embarrassing position.

The minister has told us the award was cancelled at the request of the potential recipient himself. What was the statement of the potential recipient, a man who perhaps has made history by refusing the Queen's medal? What did he say as to his particular unworthiness, if indeed he admitted that in this

particular case? In other words, what was his reason for refusing the medal? Was it fear of attendant publicity?

Mr. Pinard: I think the recipient of that award, who has asked permission to have it cancelled, would be the proper person to indicate why he did that. I suggested before, in dealing with these matters which affect the royal prerogative, I did not think it was in keeping with the high regard in which these decorations are held to speculate as to the reasons which justified the cancellation of the award in this case. All I can say is that the matter was fully investigated and the recipient himself, in order to avoid further controversy, thought it advisable to ask permission to have the award cancelled.

Mr. Knight: The minister says the matter was fully investigated. I think this is a case of too little and too late. It seems to me that the time for a thorough investigation into the matter was when the request came from somebody or other that representations should be made to Her Majesty through the Governor General. I would like to know who it was that initiated those proceedings, who it was that recommended to the minister or to his department, for I presume it would go through that channel, that such a request should be made to Her Majesty through His Excellency. On whose recommendation was the whole thing initiated?

Mr. Pinard: Mr. Chairman, I do not think I should give any more information on that. Whoever makes a recommendation or a representation for the awarding of a decoration of that nature, we consider that information and the matter itself as confidential. The same thing applies to recommendations made by the awards co-ordination committee which considers these requests. The same thing applies to the nature of the recommendation that is then made by the Governor General as well as by the minister in charge of the department.

I do not think my hon. friend should ask for more information than that. I am speaking in a way which I think would indicate that. I would not deny that there is a responsibility somewhere. I am not going to say what was the recommendation or what was the nature of the investigation. All I can say is that it was fully investigated and the recipient of the award decided that, in view of the controversy that had arisen, he would ask permission to have the award cancelled. This request of his was transmitted through the Governor General to Her Majesty, who acceded to the request.

I would think in all sincerity that it would be better to avoid speculation as to what were the reasons which justified the action on his part and the recommendation on the part of the awards co-ordination committee. I do not think it would serve a useful purpose. I am not going to say the action was taken lightly, either. I simply followed the request made by the recipient of the medal and transmitted his request through the proper channel.

Mr. Stewart (Winnipeg North): Is the minister satisfied that the medal should have been awarded?

Mr. Pinard: I do not think I should be called upon to answer that question.

Mr. Stewart (Winnipeg North): Surely there must be some responsibility somewhere, Mr. Chairman.

Mr. Pinard: There was quite a controversy in the press. Allegations were made. I had the matter fully analysed by the awards co-ordination committee, and I took the recommendation and transmitted it as it was, the recommendation being that the request made by Mr. Chipman be acceded to.

Mr. Knight: The minister is talking about speculation. I deny that there is speculation. I am interested in facts, not speculation. I am elected here as an opposition member, and I think it is my business to look into these things. It is the responsibility of the department in which I am interested.

Mr. Pinard: I take full responsibility for everything done.

Mr. Knight: The minister does?

Mr. Pinard: Yes.

Mr. Knight: I do not think the minister has fully answered my question in regard to the investigation which took place. When did it take place? Did it take place when the recommendation was made to the department by the minister that the representation should be made to Her Majesty through the Governor General, or did it take place afterward, when there was some doubt as to whether or not the man would accept the award? Surely before the event rather than after the event was the time the department should have made a full and thorough investigation, and not put Her Majesty and His Excellency in the peculiar position of having been requested to make an award and then come along later and say, "Would it please Your Majesty to cancel the award." The thing is ridiculous.

Mr. Pinard: The matter was investigated when the recommendation was first made by the awards co-ordination committee. The recommendation was based on information received from what we considered to be

trustworthy sources. I do not think there could be an investigation of the kind that might be undertaken by the Department of Justice, but the investigation was as careful as it could be. After that investigation had been made there was a recommendation for the award of the medal. The second investigation and recommendation were made by the awards co-ordination committee for cancellation, and that second recommendation I transmitted through the ordinary channels to Her Majesty.

Mr. Knight: If an investigation was made previous to the event, then the answer to the hon. member for Winnipeg North must be in the affirmative. The hon. member asked whether it was the opinion of the minister, who is responsible for the department, that an award should have been granted. The minister did not answer that.

Mr. Pinard: I said before that I take full responsibility for what happened on the two occasions.

Mr. Knight: If the minister is prepared to take full responsibility I suppose that is all we can do about the matter. The minister admits the department was wrong.

Mr. Herridge: The deputy ministers did not know what they were doing; possibly they were not capable of assessing bravery.

Mr. Diefenbaker: May I ask whether this colossal travesty on the Queen resulted from evidence given under oath? Was evidence taken under oath in support of the application? What is the general system that is followed? I asked the minister a while ago about the committee, and as I remember he said he was the chairman.

Mr. Pinard: I did not give a list of the members, but it is made up of representatives of three or four departments.

Mr. Diefenbaker: Could the minister give the names of the members of the committee that made this recommendation?

Mr. Pinard: I have no objection to doing that.

Mr. Diefenbaker: This was a serious mistake and it would seem to indicate that there was a slip-up somewhere, a failure on the part of the committee to investigate properly. When the minister is replying would he indicate if there have been other similar incidents?

Mr. Pinard: There have been quite a few cases where cancellations have taken place.

Mr. Diefenbaker: But I am referring to cancellations because of mistakes in the awards. Were those cancellations of the type that occurred in the case of Sir Roger Casement who had received certain decorations, including a knighthood, and then became a convicted traitor? An order in council was passed after his conviction removing from him the honours which His Majesty had conferred during the days when he was an administrator of the government of Great Britain and before he launched on a career which ended in his death on the scaffold for treason. In addition to those cases where there have been cancellations because of treasonable activities on the part of the recipients, have there been cases where due to a lack of investigation in peacetime, decorations have been cancelled? If so, would the minister indicate those in his reply?

Mr. Pinard: I never said that this cancellation was made because there had been a lack of investigation. I simply said that the matter was investigated by the awards co-ordination committee, which acted on what it considered to be trustworthy and reliable information upon which to base its recommendations. Afterward representations were made, an investigation was launched and the committee came to the conclusion that they ought to agree to the request made by the recipient to have the award cancelled.

Mr. Diefenbaker: Who were the members of the committee which made the award and of the committee which recommended the cancellation?

Mr. Pinard: The same members.

Mr. Diefenbaker: Who were they?

Mr. Pinard: The undersecretary of state as chairman, and there was a representative of the Governor General, of the Department of National Defence, of the Department of Labour, of the Department of Transport and of the dominion archivist. I do not actually have the names.

Mr. Diefenbaker: The minister was chairman.

Mr. Pinard: The undersecretary of state.

Mr. Diefenbaker: Surely you can get the names?

Mr. Pinard: I said that I would get the names.

Mr. Philpott: Mr. Chairman, it seems to me that some hon. members on the other side are trying to make a mountain out of a molehill in dealing with this obvious mistake. The gentleman who received this award from this government through a mistake which has now been rescinded in the only common sense way in which it could be done has also for the same act of alleged heroism received the Louis Pasteur medal and the Quebec

safety league medal, and has been nominated for the humane society medal. Every one of those agencies which grant those very cherished awards has machinery for checking its awards. It seems to me that this whole publicity simply proves that even if you take reasonable precautions you can make a mistake from time to time, such as happened this week in London when Her Majesty was inveigled into interviewing a fake holder of the Victoria Cross.

Mr. Regier: Mr. Chairman, may I ask the Secretary of State if it is the policy of the awards committee or of the department or of the Royal Canadian Mounted Police not to award medals to members of the R.C.M.P. for outstanding bravery in the performance of their duties?

Mr. Pinard: No, I cannot say that there is any such policy. If a request has been made and if a person is entitled to a decoration, surely there would be no objection because he was a member of the R.C.M.P.

Mr. Regier: I understand that some time ago a request was made by various people and organizations, including some members of this house, that an award be given to Corporal Johnstone of British Columbia who in thwarting a bank hold-up absorbed eight of the bandits' shots and in all likelihood saved the lives of a goodly number of people. Instead of an award being granted to him there was great publicity over the fact that he had received a promotion.

Upon investigation I find that he was not given any award at all and that the promotion he received was something he was in line for in any event. The minister admitted to me that he would have received this promotion within six months. It meant an increase of only $25 in his salary, so all the man received by way of award was $150 or six months at $25 per month. To the people of British Columbia that was an insult to the bravery and devotion to duty displayed by this man. If they were going to give him only $150 they should not have bothered giving him anything. The public might have organized and given some recognition of this man's services in the maintenance of law and order.

Mr. Pinard: What I can say is that the R.C.M.P. officer to whom my hon. friend refers may have been deserving of the decoration if he fell within the application of the cases where this award is made, in other words if he performed an act of heroism in saving or attempting to save a human life. But I was informed that the case was never referred to the awards co-ordination committee.

[Mr. Philpott.]

Mr. Regier: In that case I must put on record that the member for Burnaby-Richmond has been getting some cheap publicity, because he appeared on the scene of the accident almost as soon as the police were there. He went on the air and announced to all and sundry that he would see to it that a recommendation would be made that this man be suitably rewarded by a decoration granted by the government. I think that is one of the cheapest political tactics I have ever seen a Liberal member resort to.

Item agreed to.

410. Bureau for translations, $1,162,016.

Mr. Pallett: This item should not go by without some comment. In the minister's report for the year ended March 31, 1955, under "Important publications" on page 29, it says:

> The bureau was called upon to translate several lengthy books and documents, of a scientific nature for the most part, for specialized agencies. Among these are the following:
> "The Key to the Devonian Tetracols",
> "Pisciculture and Biology",
> "Outline of the Yalsutal Economy",
> "Veterinary Medicine",
> "The Cephalopods in the Swedish Cretaceous System",
> "Type and Origin of Chromite Deposits" . . .

These are under the general heading, "Important publications". I wonder whether the minister would enlarge on the translations of these books and tell us for whom they were prepared and particularly to whom they were important.

Mr. Pinard: The bureau for translations, according to the act, is servicing the departments of government and translates whatever publications are referred to the bureau by the different departments. Whether the actual publications to which my hon. friend has referred are important and to whom they are important are matters that were decided solely by the departments concerned.

Mr. Pallett: Am I correct in understanding that these are translations only for other departments?

Mr. Pinard: Yes.

Mr. Pallett: No outside organizations?

Mr. Pinard: No, they are simply done for the departments.

Mr. Small: Under translations you have an appropriation of quite a large amount. I have not added it up. Last year there were about 106 translators, and this year you have 193. Then in your supplementary estimates you have provision for 20 more translators. Are they additions to the staff?

Mr. Pinard: Yes. I might say this regarding these new appointments. In so far as the main estimates are concerned, there are eight new positions. Two of these positions are simply transfers of two translators from the Senate to the bureau for translations; they are not new positions. In other words, they existed under the administration of the Senate and they were transferred, according to the act, to the bureau for translations. There are six positions requested owing to normal increase in work as a result of the requests received from different departments.

In the supplementary estimates there are 20 new positions, which are required as follows. There are six new positions created in the pool to translate publications from English to French, with a view to helping the simultaneous issue of English and French versions of federal publications when this is requested by departments of government. There are also ten positions in a number of departmental divisions in order to meet the increased demand for translation from English to French and from French to English. There are also four positions in the foreign languages division for Russian translation, which has greatly increased recently, and to provide the Department of External Affairs with interpreters for visits of Russian officials to Canada.

I mention this information in regard to the bureau for translations, but I repeat that this bureau is simply servicing the departments according to their needs. The needs have been such that consideration was given to increasing the staff according to the figures I have just given.

Mr. Knight: I should like to ask the minister whether the bureau for translations lends some of its men to the Department of National Revenue in connection with the censorship of foreign language books, or does the Department of National Revenue have its own translators employed on that work?

Mr. Pinard: The only thing that is done as far as our department is concerned is that they have translators who work on the premises in each department when they are asked to do so, but I again say that their work is distributed by the superintendent of translations, that is, the work that is being received from each department. It varies each year. There has been an accumulation of work during recent months and during recent years which justifies the superintendent in asking for further assistance.

Mr. Knight: Are these people connected with the production of *Hansard* in any way, in doing the translation from one official language to another?

Mr. Pinard: Yes. The debates branch refers to the bureau for translating the work to be done.

Item agreed to.

704. Bureau for translations—further amount required, $62,700.

The Deputy Chairman: There is a supplementary item, 704, for bureau for translations. Shall this item carry?

Item agreed to.

413. Copyright and industrial designs division, including a contribution of $2,100 to the union office for the protection of literary and artistic works, $26,385.

Mr. Cameron (Nanaimo): I expect that I should know what this is, but I wonder whether the minister would explain to me what that contribution to the union office for the protection of literary and artistic works is.

Mr. Pinard: This is a contribution made by Canada to the union office for the protection of literary and artistic works. This union has been in existence for quite some time. Canada is a member of the union, and the contribution is a yearly one decided by the union itself. This year there has been a small increase.

Mr. Cameron (Nanaimo): Is it an international organization?

Mr. Pinard: Yes, it is an international organization. This year the contribution of Canada, as the contribution of other members, has been increased, and we have agreed because the increase was overdue. It is the result of additional expenditures in the office of the union.

Item agreed to.

Special—

414. To provide for special expenditure in connection with a commission under the Inquiries Act to inquire into the working of the Patent Act, the Copyright Act, the Industrial Designs Act and other related legislation, $20,000.

Mr. Richard (Ottawa East): Could the minister tell us about the progress of the royal commission on patents and copyrights? I see that the vote is much less than last year. Does this mean that the commission has almost finished its work?

Mr. Pinard: As I have already said, the commission expects to complete its work in the course of next year. I was given the impression last year that they might have a chance of finishing this year, but they will not. It is expected that they will complete their work probably in the summer of 1957.

Mr. Richard (Ottawa East): Perhaps the minister could tell us whether that includes trade marks and copyrights.

Mr. Pinard: It includes everything.

Mr. Nesbitt: There is an item about which I am a little curious, in the public accounts for the year 1955, for the Secretary of State, on page XX—5. It shows an item of $11,880 for secretarial services of A. M. Laidlaw. This was about half the amount that was expended during that year. Can the minister tell us who Mr. Laidlaw is, what his work entailed, and whether this amount is for one year or is it a backlog to pay for services for several years? It is such a large amount that I think we should have some information.

Mr. Pinard: I will get the information in a moment. Mr. Laidlaw is secretary of the Ilsley commission. I am just trying to obtain the information with respect to whether that covers only his yearly salary. I am informed that it does.

Mr. Nesbitt: Do I gather from the minister's remarks that is his salary for the year, or does it include salary plus expenses or something of that nature?

Mr. Pinard: He is paid on a per diem basis and that is only his salary. I have now been informed that it also takes care of the payment of his stenographer, and that makes the difference. That includes the payment of the salary of his secretary.

Mr. Nesbitt: In other words, while the figure of $11,880 is shown in the public accounts to be for secretarial services of Mr. A. M. Laidlaw it actually includes Mr. Laidlaw's salary plus the salary of his secretary as well?

Mr. Pinard: Yes.

Mr. Nesbitt: How often does this commission sit and how long—

Mr. Pinard: I am also informed that the figure includes his travelling expenses whenever he has to travel for any reason whatever in connection with the work of the commission.

Mr. Nesbitt: I do not wish to pursue the matter any further, but I wonder whether at some future time the minister could give us information breaking down the amount into salary, travelling expenses and his secretary's salary.

Mr. Pinard: I shall be glad to do that.

Mr. Small: Reverting to item 412, last year there was considerable complaint about the issuing of patents. Is there any improvement this year with respect to the backlog? Has it been cleaned up?

Mr. Pinard: I think it may be useful for me to give certain information on that point, and I am pleased that the hon. member has raised the question. The situation has improved to some extent. Although the backlog of applications has increased to a certain extent this year, this is due to the great increase in the number of applications for patents. As of April 1, 1956, there were pending in the patent office 72,608 cases, an increase of 2,892 over last year. I might say that last year the backlog of cases amounted to 69,716. Applications received this year have reached a figure of 21,048, of which 14,505 applications have been allowed and 3,651 have been abandoned, leaving 2,892 which have been added to the pending cases in the department.

This would look as if the situation has further deteriorated, but it has not, because it is important to note this fact. The waiting period for an application to be examined has been cut down by a considerable margin. As an example, where there were over 15,000 applications which were two and a half years old and not processed in any way on April 1, 1955, there are only 8,575 such applications in the office at the present time. The department expects that by the end of the year it will be possible to reduce the waiting period to two and a half years. I may say that in the United States the delay is longer than that. It is about three and a half years there before the application for a patent is dealt with and a patent awarded or the application rejected.

It may also be of interest to my hon. friend to note this fact. More than 90 per cent of the applications for patents come from non-Canadian applicants. Over 70 per cent come from the United States and quite a proportion from the United Kingdom, France and other countries. About 5 per cent to 6 per cent of these applications originate from Canadian applicants. I mention this fact because it may be of interest to note this point. Since it takes approximately three and a half years to process an application in the United States, applicants are not anxious to have their applications dealt with in Canada before they are dealt with in the United States, and in many cases all they do here is to mark time until the application in the United States has been disposed of.

The result has been an increase in the backlog, which has been quite considerable; but it is not a situation that can be corrected because, as I said before, over 90 per cent of these applications come from non-Canadian residents. In other words, these applications come from other countries. I am told the situation is the same with respect to the

United Kingdom. An applicant for a Canadian patent will wait until such time as his application in the United Kingdom has been disposed of.

I do not know if I make myself clear, but I want to say that it is not in reality a real backlog of Canadian applications. Ninety per cent of these 72,000 applications are applications made by non-residents, and there is not very much we can do about it. If we were to say that we would try to process them more rapidly, then the applicant, being interested in having his application dealt with only when the corresponding application has been dealt with in the other country, would use every possible procedure to delay it, and as a request or an application for a patent for an invention can be amended as often as one wishes the result is that the delay is something we cannot do very much about. I want to mention this because in spite of this condition we find that this year we have cut down by a considerable amount the period of delay between the time the application is made and the time it is dealt with.

I also want to say that I have taken up this matter with both the civil service commission and treasury board in order to try to obtain assistance, and I did get some assistance. From April to June of this year we expect that we will have added nine new engineers and eight technical officers to the staff, with the result that the situation will again improve. I mention that because it has been very difficult to obtain assistance. The problem is not only one of salary but of a scarcity of engineers, not being able to secure enough engineers.

The civil service commission and treasury board have agreed to accept our recommendation that technical officers be appointed who are now examiners in order to do that job, and these technical officers do not need to be graduate officers. All they have to have is three years of engineering study, or be bachelors of science. Then they are accepted as assistants to patent examiners. For the first time I think we have made real progress in increasing the staff to an extent that will, I hope, enable the applications to be dealt with more rapidly.

I mention this with the reservation I have made before, namely that the situation is largely due to the fact that the applicants, being also applicants for patents in foreign countries, do not insist on having their applications dealt with in Canada before they are dealt with in the country of origin.

Mr. Small: It is an improvement over last year, the fact that you have increased your staff. That seemed to be the difficulty last year. There was also another complaint or request that was made by the commissioner who said that there was insufficient space for him to do his work properly. Has that situation been improved?

Mr. Pinard: Yes, I can say that situation has been improved also. The Queen's printer has vacated space which it is expected the patent division will now use. I do not think the problem of space exists now. This move will take place in about two months.

Mr. Richard (Ottawa East): I think the picture could be clearer if the minister at some time could tell us what is the average delay between the filing of the applications and the first reports on cases. It is a fact that after the first report has been filed the case is really out of the hands of the patent office and delays are due mainly to replies to be made by the applicants themselves. Still I would be interested if the minister could give us at some time a picture as to the average delay between the filing of the application and the first report of the examiner, because after that his department has no control over any delay.

Mr. Pinard: With the experience my hon. friend has in these matters I think he knows as well as I do that I cannot give a definite answer to that question. This report varies according to practically each case. The first report is never made in the same manner and at the same time. It depends on each application, which is dealt with on its merits. There is no fixed date at which a first report can be made.

Mr. Richard (Ottawa East): I do not mean that. I mean how long does it take a case to reach an examiner for examination? There must be an average. I am sure the commissioner would know that.

Mr. Pinard: I can say this. I have already said that before the report is actually made it takes about two and a half years. It was more than that before. Of course there can be an exchange of information before that. Before the actual final report is made it takes two and a half years.

Mr. Richard (Ottawa East): I am not talking about the final report. I am talking about the first report. When does the examiner get the case?

Mr. Pinard: I do not know what my hon. friend would call the exchange of correspondence between the agent of the applicant and the department. If one of these letters can be called a report, there are a number of reports made, as my hon. friend well knows, and I know he knows.

Supply—Secretary of State

Mr. Richard (Ottawa East): I am trying to be helpful to the minister and I hope he takes this question properly, because I am going to tell him that it does not take so long to get the first report from the examiner. The average is much closer to eight or nine months, when it is up to the attorney to answer the patent office's report. The average attorney, as he just said, may wait from a month to six months to reply or obtain further delay. I am trying to justify the position of the patent office by stating the fact that the examiners now are in a position to answer within eight or nine months after an application is filed, in most classes of subjects.

Mr. Pinard: Yes, I agree with that. That has cut the margin to two and a half years before the procedure is completed.

Item agreed to.

Office of the chief electoral officer—

57. Salaries and expenses of office, $68,645.

The Deputy Chairman: Hon. members will find this item on page 11, with the details commencing at page 142.

Mr. Michener: Mr. Chairman, I have a problem I wish to bring to the attention of the minister. It relates to the conflict between voting days and days of religious observance. The hon. member for Spadina was personally involved in this problem in the by-election in Spadina for which he was nominated, and he himself would have raised it today had he not been unavoidably absent. However, it affects all hon. members in some degree and it certainly affects my constituents, because I have a number of constituents of the Jewish faith, which is the principal religious faith outside of the Christian faiths.

I think the problem was pointed up by the regrettable—if I may use that word—event in connection with the last by-election when, as I recall it, the election writs were issued for September 26 which turned out to be one of the principal Jewish religious days, namely the day of atonement. In the case of two by-elections I believe a new date was fixed, October 24.

It seems to me that is a matter which could very simply be avoided in the future, and I have two suggestions to make to the minister. We of course successfully avoid having elections on Sunday.

Mr. Pinard: I agree with that.

Mr. Michener: It is an extension of that principle which might be applied by an amendment to section 21 of the Canada Elections Act to provide that neither a general election nor a by-election may be called or held on specified holy days regarded as such by the people of the Christian faith or the Jewish faith. I mention only those faiths. It may be that when this matter came to be dealt with some further inquiry might be made to see whether there were others who were entitled to have their religious observances respected. I cannot think of any offhand. Certainly one does not suggest that all days of religious observance should be excluded. However, I think a calendar could easily be prepared and be inserted in the act which would meet the reasonable requirements which were overlooked in the instances I have cited.

Another approach to the question would be that which has been adopted in some of the states of the union. I cite the legislation in California. I have a copy of the 1955 assembly bill No. 1760. The bill provides that one who will be unable to go to his polling place on election day by reason of the fact that the tenets of his religion require his attendance at church or religious services on that day or otherwise prevent him from attending at the polls will be classified as an absent voter as defined in the act, and he is entitled to vote at other polls. There they vote by mail, actually. But making an advance poll available would be a solution. Similar legislation is found in some of the other states such as Michigan and Minnesota.

I daresay the problem has been dealt with in many places in different ways. I rather prefer the idea of a calendar, because the solution of using an advance poll would prevent the people involved from taking part in the normal activities of election day and one would not want to deprive anybody of those pleasures.

I therefore commend this problem to the minister. I know he has been thinking about it. I notice that there is no legislation on the matter this session. However, I think it is worthy of notice, particularly as it has come to our attention notably and I hope he will find a solution along one or other of these lines, or something which is perhaps even better which he may devise.

Mr. Barnett: I should like to say a few words while we are discussing this item of the estimates concerning the continuing problem, under our present election act, of the number of Canadian citizens who still find themselves disfranchised on election day. As the minister will recall, earlier this session my colleague the hon. member for Winnipeg North Centre introduced one proposal which was designed to meet a part of this problem. The minister did not see fit to accept the particular proposal contained in that bill. However, so far as I am concerned even if he had agreed

to the proposal for a wider application of the principle of advance polls, there would still remain, in at least certain sections of Canada, quite a substantial number of the electorate who would find themselves completely disfranchised through no fault of their own.

I am thinking particularly of those sections of our population who are engaged in some of the primary production industries, fishermen, loggers and people of that kind, who normally work in some of the more isolated parts of the country. Many of them have a place of residence in one place and are normally working in another. I think perhaps I can best illustrate the problem by referring to a specific situation which arises in the coastal areas of British Columbia whenever an election is held during the summer; June, July or August, whenever it may come. Under the provisions of the act enumeration of the electors takes place at a certain time, and for the purposes of the forthcoming election the people who are then enumerated are the voters at a certain polling area. Then under certain circumstances they may suddenly find that this no longer is their place of residence. This happens, for example, when we have a fire season closure of the coastal areas in British Columbia. At such time virtually the whole population of our large logging camps, which may amount to 400 or 500 working people, are forced to leave that place of residence where they were enumerated and return to some larger centre such as Vancouver, thus finding that on election day they have no opportunity whatever of casting their ballots. That situation, of course, also applies to a large percentage of the fishermen on the coast of British Columbia if the election takes place during the fishing season.

I must say, Mr. Chairman, this is not the first time I have raised this problem in the house. It is one, so far as I am concerned, that should be dealt with in some satisfactory way. Actually the only feasible way I have been able to think of for dealing with it would be by the introduction into our election act of the absentee vote. I realize there may be a great many practical difficulties in the way of the introduction of the absentee vote into our federal elections act, particularly if it were to have application across the whole country. However, I do feel it could be written into the act in a form that would apply at least within the boundaries of a given province. Then if any resident of British Columbia found himself on election day in some other constituency in British Columbia, an arrangement could be worked out whereby he would be entitled to go in a polling place in the area in which he found himself and cast a ballot for a candidate in the constituency where he had been enumerated.

I believe that would be a practical proposition. I think possibly it could be done in such a way that the principle of the absentee ballot could apply in any province where such a provision was already in the provincial election act, and where people would be accustomed to exercising their ballot in that manner.

I know, and probably the minister does, that we have had that principle in the election act of British Columbia for a good many years. Apart from the rather unhappy period when we had the single transferable vote in our provincial election act, the absentee ballot has functioned satisfactorily so far as I have been able to learn. I bring this matter up because I do feel it is something to which the minister and the chief electoral officer should be giving serious consideration.

The number of people who may be disfranchised can vary materially from election to election. Under certain conditions hundreds or thousands of Canadian citizens in a province like British Columbia could be disfranchised through no fault of their own. If one of the logging camps I have mentioned closes down, it means the living accommodation and the cook houses close down as well. These men, whether or not they have any desire to stay in order to exercise their franchise, are compelled to leave. I feel that is a situation which certainly warrants much more serious consideration than it appears to have received up to the present time.

Mr. Pallett: There are three points only that I should like to mention to the Secretary of State on the matter of elections. I would leave them with him for his consideration. The first point relates to the hours of polling set out in the election act. I know that the act was before a committee and was not changed, but I think any act should be the subject of study and revision. There was a member of that committee, who has now gone to the other place, who was rather outspoken about any change at all being made.

I suggest to the minister that the polls should not close at six o'clock but at seven o'clock, whether it be standard or daylight saving time. I feel this would give an opportunity to many people to vote who by reason of not being able to get home, particularly in suburban ridings of the city, cannot cast their ballots. I understand that time for voting is provided in the act, but very often that is hard to get. Many of the provinces have adopted a freer advance poll than is provided for in the federal act. Some have gone so

far as to say that if you are going to leave your riding for any reason you may vote at an advance poll.

I would suggest that serious consideration be given to that. After all, it is a person's right to vote, but he also has the necessity of making a living. You have the right and duty to vote as opposed to the necessity of making a living. A man must make a living, but he may wish to exercise his right to vote. I think the problem would be resolved if some provision could be made for allowing anyone who is out of his riding on election day to vote at an advance poll.

My next suggestion, sir, is this. There are many people who are physically unable to vote on election day. I refer to those who are inmates of hospitals, old people's homes and similar institutions.

This may be an unusual suggestion but I have no doubt it has been made before in this house, that some provision be made for a sort of travelling poll under supervision so that inmates of hospitals—

Mr. Pinard: It does exist under section 45.

Mr. Pallett: It is not observed in all constituencies nor in all areas. If the provision is there and is not being carried out, then I would direct the discrepancy to the minister and say that it is not being carried out in all areas where there are hospitals, and many inmates of hospitals are being effectively deprived of the opportunity of voting. I would bring it to the minister's attention.

I have only one further question to direct to the minister, sir. Does he expect that the chief electoral officer will be a little busier than usual this year?

Mr. Marler: The hon. member would be scared by that, I should think.

Mr. Monteith: Before this item carries, will the minister explain what the commissionaire services at $7,365 for 1956-57 are to cover?

Mr. Pinard: They were formerly paid by the Department of Justice, and it has now been decided to have them paid by the chief electoral officer.

Mr. Monteith: Just exactly what are they?

Mr. Pinard: They are the corps of commissionaires who are on duty on election day after hours or rather, they look after the building occupied by the chief electoral officer after office hours when the need exists. They were formerly paid out of the appropriation of the Department of Justice. They are now paid by the chief electoral officer.

Item agreed to.

[Mr. Pallett.]

Civil service commission—

84. Salaries and contingencies of the commission, $2,599,117.

Mr. Brooks: This item appears on page 15 of the book of estimates and has to do with the civil service commission. I know there are some hon. members who wish to say something on this item, and I do not think it should be put through so quickly.

The Chairman: Does the hon. member wish to speak on item 84?

Mr. Brooks: I would not mind saying a few words.

The Chairman: I understand that item 337 is carried.

Mrs. Fairclough: No.

The Chairman: The hon. member for Royal on item 84.

Mr. Brooks: It is item 84 that I was interested in. Is that the one you are calling?

The Chairman: For the information of hon. members, this item deals with the civil service commission. It appears on page 15 and the details commence at page 165.

Mr. Brooks: I want to call attention to what I thought was a discrepancy or an anomalous situation in connection with some of the advertisements of competitions sent out by the civil service commission. I have noted this at different times, but I noted it particularly the other day when I received two of those notices in the same mail. I refer to competition No. 56-745, labour legislation analyst. The initial salary is $3,180, which can go up to $3,780. The qualifications for this particular position are graduation from a university of recognized standing, preferably with specialization in English history or political science. In the same mail I received notice of competition No. 56-378 for a geological lapidary technician. The initial salary is $4,050 and the maximum is $4,500. The qualifications are elementary school education with additional credits for further academic training.

The point I wish to make is that in one instance they were asking for a college graduate who must know something about labour laws and who specialized in English history or political science. The initial salary is $3,180. In the second instance, competition No. 56-378, the initial salary is $4,050. All the qualifications required are an elementary school education.

As I say, it seems to me there is a great discrepancy between the salaries for these two positions. One requires simply an elementary education and the other a college

education. Is there any co-ordination among the different departments in the matter of establishing salaries for these different positions? It does seem to me that a situation like this is very poor encouragement to sending boys and girls to college, when a boy with an elementary education can start in with an initial salary of nearly $1,000 above that of a boy with a college education.

Mr. Pinard: Whether there would be a real co-ordinating agency of some kind in the civil service commission which would deal with these differences in salaries suggested at different times I do not know, but there is a study made of salaries paid by the different departments to different categories of civil servants. I know that is a fact because it often happens that I myself raise the point with the commission as to why this salary is paid to a civil servant in one department and that salary is paid to another in some other department. I say that there is always careful study given to that by the commission and I am sure also by the treasury board. If my hon. friend would like to send me the copies of the notices I shall be pleased to look into it and see what the answer would be to his question.

Mr. Brooks: It is six o'clock. Perhaps the information can be given to me when the item comes up again.

Item stands.

Progress reported.

Resolutions adopted in committee of supply this day reported and concurred in.

BUSINESS OF THE HOUSE

Mr. Harris: Tomorrow we shall continue with these estimates and then take those of mines and technical surveys and veterans affairs.

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

Question

ANSWER TO QUESTION

The following answer, deposited with the Clerk of the house, is printed in the official report of debates pursuant to standing order 39:

SHELLFISH—SANITARY QUALITY PROTECTION

Question No. 535—**Mr. Robichaud:**

What protection is offered the consumer of shellfish in respect to sanitary quality?

Answer by: **Hon. Paul Martin (Minister of National Health and Welfare):**

The sanitary quality of shellfish offered for sale in Canada is safeguarded by the efforts of several agencies.

Among the major responsibilities of the public health engineering division of the Department of National Health and Welfare are:

the certification of approved shellfish producers;

the supervision of processing plants to ensure compliance with acceptable standards; and

the vigilant surveillance of producing areas with respect to sanitary conditions likely to affect the bacteriological quality of the water overlaying the shellfish beds.

The weekly reports on tests made on shellfish from key areas are carefully scrutinized and action is taken to have areas closed if this is warranted. Samples for these tests are collected by the Department of Fisheries and tested by the laboratory of hygiene of the Department of National Health and Welfare.

All these measures form part of a program designed for the protection of the consumer of Canadian shellfish here and in the United States. The Canadian consumer of shellfish imported from the United States is similarly protected by a rigid control program maintained by the producing states and supervised by the United States department of health, education and welfare under an agreement between that department and the Canadian Department of National Health and Welfare covering mutually acceptable control measures.

[The following items were passed in committee of supply]:

DEPARTMENT OF THE SECRETARY OF STATE

407. Departmental administration, $244,775.

408. Companies division, $91,500.

409. Trade marks division, including a contribution of $3,800 to the international office for the protection of industrial property, $176,360.

410. Bureau of translations, $1,162,016.

704. Bureau for translations—further amount required, $62,700.

Patent and copyright office—

411. Administration division, $127,225.

412. Patent division, $1,209,633.

413. Copyright and industrial designs division, including a contribution of $2,100 to the union office for the protection of literary and artistic works, $26,385.

Special—

414. To provide for special expenditure in connection with a commission under the Inquiries Act to inquire into the working of the Patent Act, the Copyright Act, the Industrial Designs Act and other related legislation, $20,000.

Office of the chief electoral officer—

57. Salaries and expenses of office, $68,645.

HOUSE OF COMMONS

Thursday, July 5, 1956

The house met at 2.30 p.m.

EXTERNAL AFFAIRS

POLAND—REQUEST FOR INTERVENTION FOLLOWING INCIDENT AT POZNAN

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): I should like to direct a question to the Acting Secretary of State for External Affairs, arising out of the situation in Poznan, Poland. Will the Canadian government give consideration to an immediate communication with the Polish government to signify its disapproval of tyrannical or barbarous punishment being imposed upon those who participated in the Poznan incident and to ask for mercy on their behalf? I wish to ask also whether the Canadian government has given any consideration to joining with the United States in this regard, to the end that justice will be tempered with mercy.

Hon. Roch Pinard (Acting Secretary of State for External Affairs): In the absence of the Secretary of State for External Affairs, I shall take this question as notice and refer the matter to him.

NEWFOUNDLAND—ALLEGED INTERFERENCE WITH RIGHTS OF CANADIANS BY U.S. AIR FORCE

On the orders of the day:

Hon. Roch Pinard (Acting Secretary of State for External Affairs): Mr. Speaker, in the absence of the Secretary of State for External Affairs (Mr. Pearson), and in my absence on Monday, the hon. member for Comox-Alberni (Mr. Barnett) asked the following question:

> By what authority is the United States air force forbidding Canadian civilians employed by them at Newfoundland bases to participate in Canadian political activities, as reported in the *Sunday Herald*, St. John's, Newfoundland, under date of July 1, 1956? Is this not an improper interference with the rights of Canadian citizens by a foreign power?

Mr. Speaker, I should like to reply to that question, which will no doubt be also of interest to the Minister of Citizenship and Immigration (Mr. Pickersgill).

The Department of External Affairs has made inquiries and has learned that the United States northeast air command, on its own initiative, sent a letter to its Canadian employees on May 12, 1956, informing them that the provisions of the Canadian Civil Service Act regarding participation of civil servants in federal and provincial elections would be applied in principle to Canadian civilian employees of northeast air command.

The government is satisfied that the action of northeast air command, although inappropriate, was well-intentioned. After discussion between the United States and Canadian authorities, it was decided that northeast air command would rescind the instruction to Canadian employees regarding political activities.

GRAIN

BRITISH COLUMBIA—REPORTED CLOSING OF ELEVATOR

On the orders of the day:

Hon. Robert H. Winters (Minister of Public Works): On June 29, the hon. member for New Westminster (Mr. Hahn) requested a statement about dredging in the Fraser river adjacent to the dock operated by the Searle Grain Company.

This elevator and wharf are leased by the New Westminster harbour commissioners to the Searle Grain Company Limited. Under the terms of the lease the lessor, that is, the New Westminster harbour commissioners, has assumed certain responsibilities to endeavour to have maintained at all times adequate and sufficient depth of water in the berths and in the channel to and from the main channel of the Fraser river, to enable ocean-going vessels to enter, lie at and depart from the usual loading berths.

The present lease expires August 31, 1956, and discussions are being conducted between officials of the Department of Public Works, the Department of Transport, the lessor and the lessee with regard to the respective responsibilities for the cost of future dredging.

BRIDGES

BRITISH COLUMBIA—STATEMENT ON FEDERAL PARTICIPATION IN COST OF CONSTRUCTION

On the orders of the day:

Hon. Robert H. Winters (Minister of Public Works): On June 29, the hon. member for Fraser Valley (Mr. Patterson) asked for comment on a report that the British Columbia government has made a formal application

to Ottawa to have the federal government pay half the construction costs of two lower mainland bridges and the Deas island tunnel.

The situation is this. In a letter dated June 12, the minister of highways for the province of British Columbia wrote me, and I quote from his letter, as follows:

> ...You will note a change from Langley Prairie to the city of Vancouver via the Deas island tunnel and the Oak street bridge, then across Burrard inlet via the second narrows bridge and the upper levels highway. This request has been placed before you at the instructions of my government. I would appreciate it if you would let me know forthwith if this could be included in schedule "A" and if not if we were able to know immediately then we could forward to you a further revised schedule "A" for your consideration.

On June 25 I replied and dealt with that part of Mr. Gaglardi's letter as follows:

> The revision from Langley Prairie to Horseshoe Bay I do not feel meets with the intent of the agreement in providing the shortest practical route. As recently as February 23, 1956, at your request, we approved of a revision in location between Abbotsford and the Pattullo bridge and this location with extension to the eastern boundary of the city of Vancouver, as presently designated, is the most direct and therefore most appropriate in keeping with the spirit of the Trans-Canada Highway Act. In addition, under P.C. 1277 of March 7, 1952, as prior construction, we have paid $577,795 on the Pattullo bridge. Under these circumstances, I feel that the route from Langley Prairie to Vancouver should remain as in the present schedule "A".

CANADIAN BROADCASTING CORPORATION

STATEMENT RESPECTING TELEVISION SERIES "THIS IS OTTAWA"

On the orders of the day:

Hon. J. J. McCann (Minister of National Revenue): Mr. Speaker, with reference to the question asked on Tuesday, July 3, by the hon. member for Eglinton (Mr. Fleming) regarding the C.B.C. television series "This is Ottawa", I am informed by the C.B.C. that the purpose of the series was to provide a visual impression of some of the varied aspects of Ottawa in its role as the national capital. Having regard to the limited number of program periods available, six periods of one-half hour each, it could not be considered and, in fact, was not planned as an historical review or a definitive documentary of the city of Ottawa.

The six programs are intended to deal with six different aspects of Ottawa as the national capital, an introduction to the national capital, Ottawa as an historic centre, as a diplomatic centre, as a centre of government research, as a cultural centre and as the home of parliament. I am informed that those connected with the planning and production of the series experienced great difficulty in resolving the multitude of choices available in a city such as Ottawa and that programming and technical considerations as well as the convenience of the persons associated with each program of necessity had to be taken into account in choosing the locale to be related to the program.

I am informed that it was a matter of regret to the planners of this particular series that the mayor of Ottawa was unable, owing to a conflicting commitment, to accept an invitation to participate in the first program of the series dealing with the introduction to the national capital. I am further informed that limitations on the length of the series together with program and technical considerations made it impossible to include all the outstanding national sites such as Rideau Hall and Earnscliffe that the planner would have liked to include had not such limitations prevailed.

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, may I ask if the minister or the C.B.C., who have furnished this statement to him, do not think there was just as much reason to include Earnscliffe, the home of the first prime minister of this country, or the home of the late Sir Robert Borden, as there was to include Laurier house in a television production of this kind?

Mr. McCann: Mr. Speaker, personally I would agree that the hon. gentleman's contention is quite valid but, as explained, the limitations involved in a series of six programs precluded their taking these particular items into account.

Mr. Fleming: They did not preclude them from including Laurier house.

Mr. M. J. Coldwell (Rosetown-Biggar): Is the C.B.C. going to follow the very excellent program on Sunday night, having to do with the Charlottetown conference leading up to confederation, with other aspects of the confederation conferences and of Canadian history? I think it was one of the best programs I have ever seen and the impersonations of Sir John A. Macdonald and the other figures were quite remarkable. I think they are to be congratulated.

Mr. McCann: I agree with the hon. gentleman that it was an excellent program. I saw it myself, but whether or not they are planning further programs along that line I am not informed.

ARTS, LETTERS AND SCIENCES

NATIONAL GALLERY—FURTHER PURCHASES OF LIECHTENSTEIN PAINTINGS

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I should like to address a question to the Minister of Citizenship and Immigration. Is the national gallery negotiating with the Prince of Liechtenstein with regard to any further picture or pictures? If so, is it contemplated that such purchases will be made with public or with private funds?

Hon. J. W. Pickersgill (Minister of Citizenship and Immigration): Mr. Speaker, I think that there are some conversations going on but I do not think at the present time they could be described as negotiations.

AIR TRANSPORT

BRITISH COLUMBIA—REQUEST FOR CONSIDERATION OF LANGLEY AS SECONDARY AIRPORT

On the orders of the day:

Mr. F. G. J. Hahn (New Westminster): Mr. Speaker, in the absence of the Minister of Transport possibly the acting minister would care to take this question as notice. In view of the controversy raised by the residents of White Rock, British Columbia, over the choice of White Rock site as a secondary airport to Vancouver international, and in view of public concern over frequent air crashes on this continent, what consideration if any is being given the use of Langley airport for that purpose?

Right Hon. C. D. Howe (Acting Prime Minister): Mr. Speaker, I shall be glad to call the question to the attention of the Minister of Transport.

EGGS

REQUEST FOR INCREASE IN BASIC PRICE

On the orders of the day:

Mr. E. G. McCullough (Moose Mountain): Mr. Speaker, I had a question to direct to the Minister of Agriculture, but I see that he is not in his seat. I wonder whether I might direct it to his parliamentary assistant. Has any consideration been given by the government to meet the request of the Saskatchewan poultry association that the basic price of 38 cents per dozen for grade A large eggs be increased to meet the increased cost of production? If so, could the minister give assurance that any price increase will go to the producer?

Mr. Robert McCubbin (Parliamentary Assistant to the Minister of Agriculture): Mr. Speaker, as to the question asked by the hon. member for Moose Mountain, may I say

that I have not seen the request that the Saskatchewan poultry association has sent down. As the hon. member knows, the price for eggs at the present time is above the floor price. But any request that has come from this association will receive every consideration from our department.

SUPPLY

The house in committee of supply, Mr. Robinson (Simcoe East) in the chair.

DEPARTMENT OF THE SECRETARY OF STATE

Civil service commission—

84. Salaries and contingencies of the commission, $2,599,117.

Mr. Pinard: Before we proceed again with the estimates of the civil service commission, Mr. Chairman, I should like to correct the information I gave to the hon. member for Oxford yesterday concerning an item in the public accounts concerning a sum of $11,880, paid to Mr. A. M. Laidlaw for secretarial services. I then informed him that this amount of $11,880 comprised secretarial services and the payment of salary of his secretary. I now find that the sum comprises only the total amount of fees at the rate of $60 per day paid to Mr. Laidlaw for his services as secretary to the Ilsley commission for the financial year 1954-55. I might add that the commission has not hired the services of a counsel and Mr. Laidlaw also gives advice to the commission as counsel. I would think that the fee paid to him is quite reasonable on these assumptions.

While I am giving this information, I should like also to answer a question asked of me by the hon. member for Royal concerning notices which were issued by the civil service commission in which he found that the salaries offered for the two positions were not, in his estimation, justified. In other words, one of the salaries appeared to be too high in view of the qualifications that were required, and in the other case the salary was much lower than, in his estimation, it should have been. At the same time, he asked me whether there was a co-ordination agency of some kind in the civil service commission to deal with the different salaries paid for different positions in the different departments of government.

I am now informed that the civil service commission is responsible for co-ordinating the salaries of the different positions as between departments, and is responsible for assuring that the salaries paid throughout the service are equitable and uniform, based upon the duties and responsibilities of the positions involved. In this case the technical position advertised was that of geological

lapidary technician, competition No. 56-378, and that is a supervisory position. The qualifications require supervisory ability. The appointee must be skilled in the particular activity and make thin sections of the most difficult type including radioactive ores; he must direct and supervise the preparation of ores and rocks for study under reflected light; check thin sections under a miscroscope; improve, and develop new techniques; consult with and give advice to members of the scientific staff. The qualifications, as a result, require a number of years of experience in this or related work and evidence of ability to perform the highly specialized work involved.

In the other case, the position advertised was that of a labour legislation analyst. In this case it is a junior position on the technical staff and it is indicated that the duties of the appointee are to note criticisms, to summarize legislative decisions; to prepare reports and correspondence and articles. The incumbent of this position is not required to exercise supervision and no prior experience is required. The position calls for those who have specialized in particular academic fields, and for those who have some knowledge of labour legislation and labour problems. In other words, it may be true that, in spite of the fact that one has to be a graduate of a university and gets a smaller salary, he has to accomplish minor functions, while in the case of this geological technician, although there is no need for graduation from a university but simply an elementary school education, he has to have highly technical qualifications, which justifies the fact there is a higher salary offered.

Mr. Hahn: Before the item carries, I have an observation to which I feel the minister should give some thought, with respect to an item on page 167, office stationery, supplies and equipment. I note that for the ensuing year the expenditure on office stationery, supplies and equipment is to be $98,000, which is a decrease of $12,000 from last year. I am very happy to see that consideration is being given to decreasing the expenditures on stationery. I raise the question because frequently we receive through the mail certain envelopes which I am sure are quite costly, much more so than the smaller ones.

I hold in my hand a large brown envelope addressed to Mr. Ernest G. Hansell, M.P., Box 417, Vulcan, Alberta. The postal date on it is 30,11,55, which would be the 30th day of the 11th month, which would be November, 1955. In the envelope sent out by the civil service commission there were three paltry sheets. It would have been much simpler to have folded these sheets and put them in a much smaller envelope. I am satisfied that these envelopes cost a great deal more than ones one-third the size. I make this statement because this is not a single instance. I have another envelope in my hand which is postmarked the same date, 30,11,55, and addressed to the same gentleman. It contains four sheets of paper which indicate that certain civil service positions are vacant, and which we would ask the people of Canada to apply for so that the positions would be adequately looked after. I am satisfied that all hon. members get these envelopes from time to time. I have another one postmarked 5,12,55, which is the fifth day of December, 1955. In this instance the envelope contains four sheets.

In this morning's mail I received an envelope addressed to myself dated the 4th day of this month. It is another large envelope. I might say that in between times we have received many others as well. I am just picking these out because I was able to lay my hands on them. In this particular envelope there is an advertisement for a particular job with respect to engineers and architects. It applies to only one particular position. I realize that we do have to spend money to send these advertisements all over the country, but I am wondering whether we have reached the same stage in this country that the United States of America found itself in just a short time ago when they found it necessary to set up the Hoover commission to examine into the paper work that was being done in that country. I feel that the department of the Secretary of State is at least showing good business sense by reducing the expenditures on the paper work that it has to do. I am not singling out this particular department by bringing this to the attention of the government, but it is not an uncommon thing to find that we are so much bound up by red tape in reports of different kinds that we are spending many times more than we should necessarily spend on paper work. I am satisfied that this in itself could well develop into a fine patronage program. I am also satisfied that that is probably not so in the minister's department because the expenditure involved in this department is so small that it would not lend itself greatly to that purpose. I would ask that not only his department but every department of government examine more closely into expenditures in so far as paper work is concerned and see whether or not it would be desirous to set up not a commission but an inquiry board or a firm that makes it its business to examine into better methods of administering in order to do away with the colossal expenditure on paper in this country. The paper industry is an important one in

Canada; it is an important industry in my riding. I do not think, however, it should necessarily be subsidized by the Canadian people when we find there are so many countries desirous of obtaining paper.

I might just illustrate to the minister the fact that industry does have this same difficulty and that it is recognized from time to time. I understand there was a certain firm in the United States that examined into its paper work. In the railway committee this year I inquired of Donald Gordon if we were doing anything in this respect in the railway business and he indicated to me the railway had given it some thought and not only that but they had revised their filing system at the suggestion of experts. Perhaps this question should be examined to see if any improvement could be made in the government.

The government of the United States is the only one that is carrying out this type of work, to the best of my knowledge. They found, for instance, that for each federal government employee they issued 25,000 pieces of paper per year. They compared that with certain industries and I must admit some of the industries were worse than the government in this respect. One industry issued 34,000 pieces of paper per employee per year, another one issued 56,000 and a third issued 64,000. Perhaps we do not issue too many pieces of paper per employee per year in the government but I do say we are spending too much money for paper work when we continue to send out bulletins in envelopes of this size.

(Translation):

Mr. Dufresne: Mr. Chairman, about the civil service commission I wish to make a few brief comments, and I shall also take the liberty of addressing one or two questions to the hon. Secretary of State (Mr. Pinard).

If I remember well, in September of last year, I think, Mr. Bland, the then chairman of the civil service commission, retired and was replaced by Mr. Nelson, the present incumbent, who, I am told, has all the qualifications and knowledge required for such a high post. He is being assisted by a compatriot of mine from the province of Quebec, Mr. Alexandre Boudreau, also a member of the commission. In view of the importance of this organization, I wonder whether or not the department intends to fill as soon as possible the vacancy created by the retirement of Mr. Bland.

I understand that Messrs. Boudreau and Nelson are not on too friendly terms, with consequent inconvenience in the first place to themselves, and perhaps more particularly to the commission itself.

As things now stand at the civil service commission, I sense a danger, because those who have to deal with the various commissioners must of necessity meet them individually, since they are not together, and the danger I sense is that we are human as are also members of the commission, and because the party now in power is so mighty, numerically, we can well fear that pressures be exerted individually on the commissioners in favour of some applicant who has taken part in competition for any position in the civil service.

I am also informed that, since Easter 1951, there has not been a full meeting of the commission. I am going to repeat this, as the hon. Secretary of State's attention was directed elsewhere. As I said, I am informed —and have every reason to believe that the information is reliable—that the commission has not held a plenary sitting since Easter 1951; I mean that there has been no recorded official meeting attended by the secretary of the commission.

I submit these few remarks to the hon. Secretary of State, because I trust he will give the matter his best attention and will correct this anomaly which, to my mind, is deplorable and should not be.

As to the appointment of the third commissioner, I think, if I remember rightly, that it was the hon. member for Hamilton West (Mrs. Fairclough) who, last year, suggested the appointment of a woman commissioner. Nobody objected to this suggestion, and I believe that the government tried, by various means, to find a woman who would accept this appointment.

However, may I be permitted to submit to the house that this commission cannot be efficient unless it is fully staffed at the executive level, unless all its members are present, unless they meet periodically and unless proper records are kept of the proceedings at their meetings. Should the government experience any difficulty in finding a woman to fill the post now vacant within the commission, I suggest that this appointment be made in any event without further delay, in the interests of the commission, to begin with, and of all its employees.

I have nothing more to add on this point, Mr. Chairman. I have directed these remarks to the Secretary of State who will no doubt take them into serious consideration.

Before concluding, I would like to ask whether it would not be possible—this is a mere suggestion—to bring under the civil service commission all the stenographers at present employed in the House of Commons. Everybody knows that, for the last few years, House of Commons stenographers are employed, just as we are, for the best part of the year. In 1955 the session lasted eight months; the year before it had lasted seven. This year it will certainly run into its eighth month. If, after a close study of the matter, it could be decided to bring these women and girls under the civil service commission in order to give them stable employment, for which they would be paid on an annual basis, I think it would prove to be a great help to a number of them.

Mr. Pinard: Mr. Chairman, I wish to answer briefly some of the points raised by the hon. member for Quebec West (Mr. Dufresne).

He raised a number of them. If I remember rightly he began by referring to the allegedly strained relations which exist—or so he was told—between the present two members of the commission, Messrs. Nelson and Alexandre Boudreau.

I must say that, since July 1, 1954, that is to say from the time I was first called upon as a cabinet minister to concern myself more directly with the work of the commission, I have had no occasion to observe that such a state of affairs did, in fact, exist. I am obviously not in a position to say whether there are any personal differences between them that could justify such a statement. However, as far as I am concerned, I have always found among them a desire to cooperate, and I had on various occasions the opportunity of seeing them together and of working with them. I have always been on excellent terms with the members of the commission.

The hon. member also mentioned the vacancy that has existed since the retirement of Mr. Bland, the former chairman of the commission.

Indeed, it is important that the commission be at its full establishment although two members constitute a quorum for its sittings. Besides, that is a wish which I expressed myself on various occasions, a wish that I would like to implement at the earliest possible moment. I may add that that is a position the government will have to take in due course and that, when a decision is made, I shall announce it to the house. The Prime Minister (Mr. St. Laurent) has already indicated, in January, that the government intended to appoint a lady to fill the position of third commissioner. I feel confident that the government will make this appointment within a few months. We shall then have a full commission that will be able to carry out its work more efficiently.

The hon. member for Quebec West also stated that the commission or the commissioners had not met formally, so to speak, since 1951. That may be because of the fact that the commissioners, who were in the habit of keeping minutes of their meetings, decided to do without these minutes for reasons best known to themselves, which they however explained to me, and also for reasons of economy. They thought it advisable to act on that decision but they still keep, I am sure, a rather complete summary of their meetings. I must also point out to my hon. friend that they meet as soon as a problem arises and as often as is warranted by circumstances. Moreover, there is no doubt that they call on each other, that they see each other, and work together, even though this coming together does not take the form of an official meeting.

As for the last suggestion of my hon. friend concerning the stenographers of the House of Commons, I believe that problem is the sole concern of the House of Commons itself. That would more properly come under the estimates of the Speaker of this house.

Mr. Dufresne: Mr. Chairman, I would not want to leave the minister under the impression that relations are strained between Mr. Nelson and Mr. Boudreau. Besides, I did not make that statement. I am sure the minister understood that. I merely reported what has been told to me and I have no doubt that my information is correct, but I repeat that I did not make that statement myself.

However, Mr. Chairman, I feel that the members of the commission hold an important position, one which should require their presence twelve months a year.

Far be it from me to criticize the only French-speaking member of the commission, Mr. Alexandre Boudreau, whose ability is

fully recognized. However I know that, when he was sent on a special mission to Cambodia, Mr. Boudreau had to be away nearly a whole year, I believe. Unfortunately he was not replaced during his absence, and it might be interesting to know who took over the work and duties assigned to him.

The minister told us that, on the basis of a statement of the prime minister, he was confident that, perhaps within the next few months, a woman would be appointed a member of the civil service commission. I hope that it will be possible to bring this about very shortly, within a few weeks at the very utmost, since I feel that it is absolutely essential that this vacancy be filled at the earliest possible moment. I would still like to know, however, if the minister has enough information at this time to tell us whether this new woman member of the commission will be chosen from among the present personnel of this body, and if she has shown herself to be competent in this regard.

The minister also referred to what I have called official meetings of the commission. He told us that, according to the information at his disposal, the course taken had been chosen for reasons of economy. I frankly believe that whoever gave him that information is quite irresponsible. To my mind it is not possible to save any money by refusing to have the secretary present at these official meetings of the commission. I will even go so far as to suggest that these meetings should be held periodically.

As to the stenographers of the House of Commons, whom I mentioned just now, I thank the hon. minister for his information. They are, no doubt, under the jurisdiction of the house itself, and I shall be pleased to raise the point during the discussion concerning the Speaker's estimates.

Mr. Pinard: Mr. Chairman, I just want to make a few very brief observations following the supplementary remarks just made by the hon. member for Quebec West.

First of all, so far as the absence of the French-speaking commissioner, Mr. Boudreau, is concerned, which extended from November 1954 until May 1955, I must point out to my hon. friend that, during this period, Mr. Boudreau carried out some work of great value for the United Nations, which should be recognized. His absence was, nevertheless, made up for by one of the most competent French-speaking officials of the commission, the assistant director of the classification division, Mr. George Gauthier, who replaced him and rendered valuable services to the commission. On many occasions, I had the opportunity to have talks with him, which were highly profitable to both of us. I think he too deserves congratulations for the excellent job he accomplished in the absence of commissioner Boudreau.

The hon. member for Quebec West also asked for information concerning the woman who will eventually be appointed commissioner, to fill the existing vacancy. I must say, in this regard no decision has yet been taken which would allow me to answer his question constructively.

Mr. Dufresne: Mr. Chairman, just a word about Mr. Boudreau's journey. I have always recognized Mr. Boudreau's ability, and the fact that the government entrusted him with this mission at the United Nations really proves his competency. I merely sought to shed some light on the situation. I thank the minister for the information he gave me concerning Mr. Gauthier. There is no doubt that, if he is from the province of Quebec, and if it was considered advisable that he should replace Mr. Boudreau, he must have had all the required qualifications, and it was a pleasure for me to hear the minister pay him such an eloquent tribute.

(Text):

Mr. Regier: Mr. Chairman, there is one aspect of the work of the civil service commission about which I should like to say a few words. I am rather amused when I hear arguments put forth from time to time by various members of the house in which they hurl such charges as patronage and so on at the government so far as appointments to the civil service are concerned. I think I can say fairly honestly that in the province of British Columbia a federal civil service position is one of the lowliest of positions to which a wage earner can aspire. It is only those people who have a socal consciousness, who are willing to put aside their selfish interests, who are willing to serve the community rather than acquire any money for themselves, who are willing to work for the federal government.

As an aside, I should like to recommend to the civil service commission that an application for a position with the federal government that is accompanied by a recommendation from the local member of parliament

should be automatically ruled out because in my opinion any would-be civil servant who does not hold the necessary qualifications for the position and needs the support of a local politician should be automatically disqualified.

I am not one to condone waste on the part of any department of the government, and that also includes the civil service. Like the hon. member for New Westminster, who has already spoken, I was a little surprised this morning when I received this huge, impressive looking envelope containing only three or four sheets of paper all of which could have been enclosed quite adequately in a much smaller envelope or might not even have needed an envelope at all but only my name on the outside of the folder.

I want to speak about one aspect of the civil service commission that has for some time now, at least to those of us in the west, seemed most unrealistic, and that is its failure to recognize the salaries that are available to men of ability with qualifications in fields other than the civil service. Just as one example, I hold in my hand an advertisement by the civil service commission asking for applicants for the position of superintendent of schools at Fort Smith in the Northwest Territories. The salary offered is $5,330 to $5,970 per annum. I have in my other hand a copy of the latest issue of the B. C. Teacher wherein they publish the salary scales obtaining for the province of British Columbia. I see that the city of Vancouver offers a teacher with similar qualifications, but without having to assume any responsibility of supervision or superintending whatsoever, a salary as high as $6,200 a year. New Westminster offers $5,900 a year. In Burnaby they are offered a possible $6,050 a year. I could go on further. In West Vancouver they are offering $6,200 a year. This is for the ordinary classroom teacher. The civil service commission attempts to obtain a superintendent of schools at $5,330. We can well imagine what sort of applicant they are likely to get. I see that the commission itself recognizes the utter ridiculousness of the situation because under the qualifications they call for a provincial first-class teaching certificate. In other words, the civil service commission is quite prepared to send a man who has a first-class teacher's certificate up into that part of Canada to be a superintendent of schools and to be superior to the principals there who may have their Bachelor's degree, their Master's degree or possibly even their Doctor's degree and are likely to know one hundred times as much about the profession as does the so-called federal civil servant, the superintendent of schools.

[Mr. Regier.]

I have another circular here in which an assistant superintendant of schools at Fort Smith is called for at a salary of $4,750 a year. Some of our primary teachers in western Canada receive that salary without any degree whatsoever. Then I have another one here calling for a current affairs officer for the Department of National Defence, a most responsible position, where a man is supposed to be responsible for the supplying of reliable information for the education of members of our armed services—adults—in Canada. They call for graduation from a university, majoring in history, economics or geography. They call for a number of years' experience in the writing of articles and the editing of manuscripts. They are offering the magnificent sum of $4,750 which again, I submit, is most unrealistic.

Economists are called for by the Department of Agriculture. In information circular No. 56-18 the terms of employment are given. Salaries begin at $3,300 per annum. Surely any economist who is willing to work for $3,300 a year must be either completely self-effacing or a worthless fellow who has been thrown into the discard heap by all the other possible employers throughout Canada.

Then we have an advertisement—and I find this advertisement all the time; I receive one of them almost every week—calling for a librarian, at a salary of $3,030. They call for a Bachelor's degree in library science. Anyone with a Bachelor's degree in library science can go to almost any one of our urban school boards and receive a salary that is much in excess of that.

Then in order to educate the members of the Canadian armed forces, they call for a staff training officer at Halifax, Toronto, Ottawa, Winnipeg, Vancouver. There is one position, grade 3, with the salary of $4,360. The qualifications are graduation from a university of recognized standing; responsible work experience, part of which must have been in a supervisory capacity; ability to organize, conduct and develop courses of instruction and group discussion; ability to deal with senior officers. I could go on.

I see here that electrical engineers are called for and are being offered $6,840 per annum whereas I understand that an electrical engineer worth his salt is worth $18,000 in private industry any day. However, I think this is one of the best of them all. They call for customs excise officers in Quebec—where it may be a good salary; I do not now—and also in British Columbia at a salary of $215 a month.

Mr. Dufresne: It is not any better in Quebec than it is any place else.

Mr. Regier: It is not a decent salary even in the province of Quebec; thank you. No decent, self-respecting individual who has a family to look after is going to consider a salary of $215 a month. You cannot maintain a household these days on that salary. I am not surprised when we find complaints against the manner of service offered by the civil servants of Canada when that is what the commission thinks is an adequate remuneration.

Then they call for information and records engineers and offer a salary up to $4,620 a year. Many people completely unskilled in any profession at all in western Canada earn that much in a year. Another position advertised is that of hospital nursing assistant. The salary offered is $1,920 a year. For ward clerks they offer $1,800 a year. A waitress working in any cafe in eastern Canada, if she includes the tips she gets, would not consider looking at a salary like that. It used to be an honour throughout Canada to be an employee of the government of Canada. It is no longer so today. I realize the civil service commission is not entirely to blame but I do feel in the relationships the civil service commission's recommendations play a very important part.

Here I find the Canadian pension commission is asking for doctors for $6,700 a year. I doubt very much whether you can find an honest, reputable doctor in Canada who will admit that he earns only $6,700 a year. We must remember one thing in connection with these young people. When they apply for these positions, we at least hope that they intend to make a lifetime career in the public service. When we offer a doctor $6,700 a year I submit that we are not inviting him in any way shape or form to make the public service a career. I see lawyers being called for by the department of the Minister of Justice and being offered $5,700 a year. An LL.B. degree from a university is not sufficient; oh, no. They must have been admitted to the bar. They must have had experience. Yet they are being offered less than $500 a month. Miners in British Columbia earn that kind of money. You do not need a university degree or you do not need to be admitted to the bar and to have served a period of apprenticeship to merit that type of salary.

I see that a lecturer in civil engineering is called for. He has not only to be a civil engineer but he must be able to lecture in civil engineering. He is being offered less than $400 a month; the salary offered is $4,620 a year. Then I see that they are asking for a lecturer in economics. Not only must he be an able economist himself but he must be able to lecture to others in economics. The salary offered is $4,620 a year. I have others here. I see that a dental surgeon is being called for. I should not say that one is being called for. I see there are vacancies at Quebec city, Moose Factory, Sioux Lookout, North Battleford, Prince Albert, Regina, Calgary, Prince Rupert, Chilliwack, Vancouver, Fort Smith and Aklavik. This shows what is happening as a result of the unrealistic attitude taken by the civil service commission. They need not one dental surgeon but they have vacancies in six different places in Canada at the same time.

Now, this is one particular occupation about which I have had a lot of complaints. The Indians of Canada are not receiving the dental care with which the minister would like to supply them and the main reason, I am informed, is the inadequacy of the salaries being offered to dental surgeons. We see evidence of that when they list vacancies at 12 different places in Canada at one and the same time. The commission is offering a salary of $6,300 a year. I realize that since the time some of these figures I have read into the records were published there has been an increase for most of the civil servants in Canada, if not all. However, I am confident that even with the increase the relative position of these people as opposed to those in private enterprise or those who enlist for service in municipal and other governmental institutions in Canada will show that the federal service is becoming a beggar's job indeed. It is only the loyalty of those people that causes them to continue to serve.

There is one more advertisement I want to put on the record and it is for a lecturer in chemistry at the Royal Military College, Kingston. He is offered the magnificent sum of $4,950 per annum. It is not surprising, Mr. Chairman, that so many of these forms give evidence of the desperate situation in which the civil service commission finds itself. These advertisements list not only the salary but the benefits as well. They make a big noise about the other benefits the servant will receive, such as three weeks' annual holidays; sick leave; contributory superannuation; optional hospital and medical insurance plan and low cost term insurance. These things are not news to the average young man walking into the post office in New Westminster. Since we have no post office in Burnaby, I cannot mention that.

A young man walks in and reads these advertisements. He sees all these other benefits, but he finds nothing exceptional in them. Out west these things are no longer mentioned in advertisements for employees. They are accepted as the natural benefits that employees

receive. Almost anyone working for a worthwhile organization, anyone belonging to a union, enjoys these benefits and more than those listed here. I realize there may be places where they are an added lure with which to get the innocent into the civil service. However, I feel the time is long overdue in Canada when we must once again make the remuneration of civil servants such that other people in Canada will want to apply for a position in the civil service. This should be an occupation that is looked upon, not with pity, but in a manner that would foster in the young people of Canada a desire to serve the community at large in the knowledge that if they did serve the community at large they would be well rewarded or rewarded at least as well as the average person who does not work for the community at large but in his own more immediate interest.

Mr. Dufresne: Mr. Chairman, everything that has been said by the hon. member for Burnaby-Coquitlam regarding the western provinces also applies to my province of Quebec.

Mr. Bell: I wonder if the minister is in a position to say what changes are being made in the civil service commission offices in the maritimes. Specifically, I should like to know why it was necessary to move the office from Saint John to Moncton. I should like to know what plans are being made for Halifax. Will the office remain there? I should like to know also if any other changes are contemplated.

Mr. Pinard: I have just been informed, and the hon. gentleman will probably be pleased to hear, that there are no further changes contemplated in that section of his province. Those changes that have taken place were for the purpose of trying to centralize the work of the commission in one office instead of having offices which did not serve the purposes the commission must keep in mind.

Mr. Bell: Do I have my information correct, then, that the main office for the maritimes now will be in Moncton, and they will keep sub-offices in Saint John and Halifax?

Mr. Pinard: That is correct, yes.

Mr. Carter: I should like to say a few words about the civil service commission. Like my friend the hon. member for Burnaby-Coquitlam, I too studied the civil service notices that have been issued for various competitions. It seems to me that the civil service commission is tending to defeat its own ends in many ways. I agree with the hon. member for Burnaby-Coquitlam that the salaries offered are small when compared with the qualifications that are required. The argument has been put forward that civil service salaries are small in comparison with industrial salaries because of the security factor. This argument does not hold up, because so far as I can see today the civil servant does not have any more security than he would have in industrial life.

I know of two gentlemen in my own riding who were civil servants before confederation. In accordance with the terms of union, they were taken into the federal civil service, but their positions were washed out. They were operators of a bait depot. The department leased the bait depots to private interests and those jobs were washed out. I believe these people had had 10 years' service and had been looking forward to superannuation, but the job disappeared and their security disappeared along with it. The security factor, therefore, is not an argument in favour of low salaries.

The other thing I should like to point out is that the qualifications that are listed often make such great demands that it narrows the number of people who apply. There are a good many people who are capable, who are honest people and who are modest. They read these qualifications and say, "Well, I am not good enough for that, so I will not apply." They do not apply because they do not feel they have the qualifications listed and it is no use for them to do so. What happens then? Some person who is not nearly so modest will apply, and when the competition is run you get a number of people who are, perhaps, inferior to the people who would have applied if the qualifications listed had not made such high demands.

The other point that occurs to me in connection with this problem is that the application forms for civil service positions require almost a person's biography. He has to list all his previous jobs for the last 10 years and I believe that, too, defeats the purpose the commission had in mind because very often the applicant is a jack-of-all-trades. He has certain qualities which do not enable him to keep the job he has, so he flits from one job to another. He may fill out the whole back of the sheet with the 10 or 12 different positions that he has had within the past 10 years, and he gets credit for that and also for his experience, and very often it is the wrong kind of experience that he gets credit for. I would suggest that the commission revise these forms and also the requirements they ask for when they advertise these positions.

Mr. Herridge: Mr. Chairman, I wish to ask the Secretary of State a question. I presume

that civil servants throughout Canada have a standard lunch hour. Do any of the officials in any of the departments consider that they have some control over what the civil servant does during his or her lunch hour, or is the civil servant in question entirely free to do what he or she wishes at that time?

Mr. Pinard: Well, Mr. Chairman, I think the only answer I can give is that I have just been informed the civil service commission feels that during the lunch hour civil servants should be considered as persons who are in a position to eat their meals quietly and to digest them properly so that they should not be obliged to report and say what they are going to eat and at what time they are going to eat. They are perfectly free in that lunch hour.

Mr. Herridge: The time is entirely at their own disposal?

Mr. Pinard: Oh, yes.

Mr. Hahn: Mr. Chairman, I was unavoidably absent from the chamber for a few minutes. Perhaps the minister has some observations to make with respect to the use of envelopes that I raised earlier. I do want to pose another question that he might reply to at the same time. I have been informed that the minister did not give an answer to my question about the envelopes but he might care to say something about it. According to the details, the expenditure on office stationery, supplies and equipment is down from $110,000 to $98,000. Where does the department expect to make the saving?

Mr. Pinard: I am sorry, I did not hear the number of the item.

Mr. Hahn: The details of the item appear on page 167 under "Office stationery, supplies and equipment."

Mr. Pinard: Yes, $9,000.

Mr. Hahn: It is down from $110,000 last year.

Mr. Pinard: Yes. That is the one to which my hon. friend made reference a few minutes ago. I gather he said he was pleased to see a reduction in the use of office stationery. Then, he added, in spite of that he felt there should be more economies in the civil service commission and that they should not use a very large envelope to send out what could be contained in a smaller envelope. I must admit that to a certain extent I share that view, and as much economy as possible should be practised. All I can say is that I shall draw the attention of the commission to what the hon. member has said. I am sure that his remarks have been appreciated and that precautions will be taken not to spoil paper in this department any more than in any other department of government.

Mr. Hahn: May I make a further recommendation that may be acceptable to the department? I appreciate their acceptance of my views in this respect up to now. Instead of putting the material in envelopes it should be folded and put through the mail much in the same manner as other literature we receive today.

The Chairman: Shall the resolution carry?

(Translation):

Mr. Girard: Mr. Chairman, in November 1954, the Canadian Press reported that the bureau of statistics had decided to take a census which would likely be carried out in 1956. I believe that such census is now under way or just about completed. The same report added that, on this census, which is now being taken, if my information is correct, the matters of racial descent, mother tongue or religion are disregarded. It was explained at the time that this was being done to save money. There is a definite tendency to eliminate from our statistics certain items which are particularly useful to minorities.

On the 1951 census, the population of British descent was divided in four different groups: English, Scotch and others. In 1951, only one total figure was recorded for the whole population of British origin. As I say, this change favours a particular group. Since 1951, there has been no survey of racial origins in county subdivisions. A cross-check—

Mr. Pinard: If the hon. member will allow me to interrupt him, I should like to ask him a question. If his remarks concern the current census I might point out that this matter comes directly under the Minister of Trade and Commerce (Mr. Howe). Obviously, the appointment of some census officers had to be made indirectly through the civil service commission. However, I believe that the hon. member's remarks bear on the census itself and should be directed to my colleague the Minister of Trade and Commerce.

At any rate, I would not be in a position to answer because that is a matter with which I am not familiar and which is the exclusive concern of the Minister of Trade and Commerce.

Mr. Girard: All these matters are the exclusive responsibility of the Minister of Trade and Commerce?

Mr. Pinard: Yes, that is correct.

(Text):

Mr. Carter: Mr. Chairman, there is another matter that I should like to bring before the civil service commission that slipped my mind when I was speaking a few minutes ago. I refer to the matter of semi-staff post offices in Newfoundland. In Newfoundland we have very few staff and semi-staff post offices, probably not more that 20 or 30. For purposes of morale among the postal staff it is desirable that there be promotions. When a person has served faithfully in a small office and a vacancy occurs in an office that is a little larger and pays a little better salary there should be an opportunity to promote a person from the smaller office to the larger office, from the smaller salary to the larger salary. That does not happen, and the reason it does not happen is that a ruling was made by the civil service commission. I brought this to their attention last year in the case of one of my post offices. There were several people who applied for the vacancy who were also experienced postmasters. They had spent several years in the service. The civil service commission ruled that the post office vacancy had to be filled from the patrons of that post office. Instead of promoting a person who had served faithfully for 10 or 12 years, instead of giving him something to look forward to in the service, they took somebody from the community with no experience whatever and placed him in charge of that post office. That seems to me to be not only undesirable but senseless, but it is the ruling that the civil service commission made. It is one that is detrimental to the postal service in Newfoundland. I would ask the civil service commission to revise their rulings in the matter.

The Chairman: Shall the resolution carry?

Mr. Barnett: Mr. Chairman. I have one or two questions I should like to ask concerning these estimates. Some little time ago when we were discussing the estimates of the Department of Fisheries I raised the matter of the compulsory retirement of fishery patrolmen, on the Pacific coast at least, at the age of 65. The consideration of the estimates of that department was interrupted before that matter had received any final consideration and I would therefore like to ask now whether that situation exists because of a ruling or general policy established by the civil service commission or whether it is something that lies entirely within the discretion of the Department of Fisheries itself. I wonder if the minister could give me an answer to that question.

Mr. Pinard: Mr. Chairman, I have just been informed that this is entirely a matter of departmental administration. The age of retirement in these cases depends entirely on the policy of the department concerned.

Mr. Barnett: I have one other question which is entirely unrelated. I notice on page 167 of the details of the estimates there is an item concerning memberships in personnel organizations in the amount of $600, an increase of $100 from last year. I wonder if the minister could explain to the committee just what that item involves, what personnel organizations the civil service commission belongs to and the purpose of that membership?

Mr. Pinard: Well, Mr. Chairman, I am informed that this item listed as memberships in personnel organizations which has been increased by $100 this year provides membership in the civil service assembly, the American society of public administration and the national office management association. These are associations with which the civil service commission maintains close relationships throughout the entire year.

Mr. Barnett: This item pays for the membership of official representatives of the civil service commission?

Mr. Pinard: Yes, in these organizations.

Item agreed to.

Public Printing and Stationery—

337. Departmental administration, $518,347.

Mr. Regier: Mr. Chairman, I believe the printing of *Hansard* comes under the department of public printing and stationery and I would like to transmit to the minister one request that has been made the subject of a number of resolutions recently passed by several organizations in the Fraser valley. What these people are asking for is that free subscriptions to *Hansard* in either French or English be supplied to every high school in the Dominion of Canada. I may be wrong but I understand that the public libraries of Canada receive *Hansard* at the present time.

Mr. Pinard: Yes, 31 libraries in Canada automatically receive *Hansard* without asking for it on a regular basis, and the other librarians must ask for *Hansard* to be sent to them before they receive it.

Mr. Regier: I realize there may be some libraries which would not be interested in the proceedings of the Canadian parliament and therefore it might be advisable to make them ask for it. However, all the high schools in Canada do teach government and in all of the high schools we find that at least some of the students—and I hope the number is growing—are interested in what occurs in

the Canadian House of Commons. Not only would supplying *Hansard* to them be a means of federal aid to education, but since the government is willing to spend $1,750 million a year for the defence department for the maintenance of our so-called way of life this would also give high school students an opportunity to find out for themselves exactly how our government operates.

I realize that a great many hon. members of this house are supplying high schools in their own constituencies with copies of *Hansard*. However, we get only 16 complimentary copies and we are asked to mail in our complimentary subscription list. I may be more fortunate than other hon. members because there are only five high schools in my riding and I have placed them all on my complimentary mailing list. I can very easily, however, find 16 extremely interested individuals who would like to be placed on my complimentary mailing list and I do not think it should be up to me to supply the high schools in my riding with complimentary copies of *Hansard*. I think the government of Canada should supply such subscriptions in the interest of the maintenance and the development of our democratic form of government.

Mr. Bryson: Mr. Chairman, I should like to support what has just been said by the hon. member for Burnaby-Coquitlam with respect to supplying copies of *Hansard* to high schools throughout the country. In my own riding there are approximately 40 high schools and they write to me requesting copies of *Hansard*. I think it is something that should be of interest to all of us, to see that the high schools are supplied because they are showing a great interest in the affairs of the country. I believe this is something to which the minister should give further consideration.

Mr. Pinard: Well, Mr. Chairman, this request appears to me to be quite reasonable. Actually, the universities and colleges do receive *Hansard* and although the cost of *Hansard* is only $3 per year it would appear to me that if we can supply free copies to Canadian universities and colleges the request is reasonable in relation to high schools. The distribution of publications is regulated by an order in council at the moment. I will look into the matter and see what can be done about it.

Mr. Hansell: Would the minister care to tell us what the total subscription is to *Hansard* throughout Canada and what revenue is derived therefrom?

Mr. Pinard: I am sorry but I do not appear to be able to obtain that information immediately but I will try to secure it for my hon. friend. I can say at the moment that roughly 12,000 copies of *Hansard* are printed every day, but as far as the rest of the information is concerned I shall endeavour to obtain it at the earliest possible moment.

Mr. Regier: Since the minister gave such a kind and sympathetic answer to the request I made, I for one should like to express for the record my appreciation of the capable and efficient manner in which *Hansard* is compiled. Almost without fail it is in our mail at 11 o'clock on the following day. I think that is a record worthy of commendation.

Mr. Churchill: Mr. Chairman, concerning the distribution of *Hansard*, would the minister inform us as to the time element involved in mailing *Hansard* to outside points? We receive it here very quickly but there is a considerable delay in *Hansard* going through the mail to points elsewhere in Canada.

Mr. Pinard: All I can say, Mr. Chairman, is that *Hansard* is put in the mail to all points in Canada the very same day after it has been printed except on very rare occasions when this cannot be done because of late sittings or other extraordinary circumstances.

Mr. Barnett: While we are on this subject, could the minister give an indication of what the circulation of the new cumulative index of *Hansard* is?

Mr. Pinard: We print 1,000 copies. As the hon. member knows, this has just been initiated. It just began this year, and it is not used outside yet except to a certain extent. Steps are being taken so that all those who receive *Hansard* are informed of the existence of that index, which will be sent to everyone just as soon as that can be done.

Mr. Barnett: Do I understand the minister to say that the plan is that as soon as arrangements can be completed it will be included with the subscription to *Hansard*?

Mr. Pinard: Yes, the index will be sent to subscribers as well.

Mr. Barnett: That is the point I was wondering about.

Item agreed to.

Mr. Pinard: Before we finish with these items, I may be allowed to revert to the items concerning the Department of the Secretary of State, to put on record, as a result of a question that was asked by the

hon. member for Prince Albert, the list of those members of the awards co-ordination committee who were sitting when the award was made to Mr. Chipman to which I referred yesterday. The list is as follows: The chairman was the under secretary of state, as I have indicated, and the other members were as follows:

Mr. J. F. Delaute, secretary to the Governor General (administrative),

Rear-Admiral H. S. Rayner, (navy), Department of National Defence,

Air Commodore C. H. Greenway, (air force), Department of National Defence,

Colonel R. B. McDougall, (army), Department of National Defence,

Mr. K. Lamb, dominion archivist,

Mr. D. McGreer, Department of External Affairs,

Captain F. S. Slocombe, Department of Transport,

Mr. J. H. Curry, Department of Labour,

Mr. H. Measures, Department of the Secretary of State,

Miss A. M. Mosley, Department of the Secretary of State, secretary.

Mr. Pallett: There is one question arising out of the minister's answer. I understood yesterday that he said that the personnel changed from time to time. Is that correct?

Mr. Pinard: Those were the persons present when this award was considered, but it happens at times that one or another member of this committee may be replaced by somebody else of his department.

DEPARTMENT OF MINES AND TECHNICAL SURVEYS

A—Department—

Administration services—

209. Departmental administration, $510,190.

The Chairman: Hon. members will find this vote on page 42 of the blue book of estimates and the details commencing on page 278. Shall the item carry?

Hon. George Prudham (Minister of Mines and Technical Surveys): In the past two years, at the request of some members of the committee, the estimates of the dominion coal board were taken up first. Although the matter of the estimates of the dominion coal board is still very important, I would suggest that we follow the items as printed in the book this year.

The year 1955, with a mineral production figure close to $1,800 million has proven a new all-time record year for Canada. In the last few years the estimates of total production have all fallen short and proven to be on the low side, and the $2 billion mark at which the industry has been aiming and hoped to reach by 1960 will probably be reached this year.

Numerous new mining properties with good production potential continue to emerge right across Canada. At the turn of the year, no less than 60 mine shafts were being sunk in Canada on properties in advanced stage of exploration or development. Of particular significance is Canada's fast increasing production of iron ore, petroleum and uranium. Our iron ore production jumped spectacularly from 7·3 million tons in 1954 to 17·3 million tons in 1955. Indications are that the production of iron ore in 1956 will be greatly increased.

The search for uranium ores and the proving up of properties still held the spotlight in 1955. Special contracts signed with the Eldorado Mining and Refining Company on the closing date of March 31 last, as well as letters of intent to sign contracts, involve a total of over $700 million for the purchase of uranium precipitates. As these contracts call for delivery before March 31, 1962, we may well expect increasingly high production figures.

Petroleum still topped the list in Canada in 1955, with a production figure of over $300 million, an increase of $59 million over the 1954 production. Most of the petroleum output is from Alberta, but it is noteworthy indeed that both Manitoba and Saskatchewan doubled their production in 1955 over the previous year.

The search for and the development of minerals involves a very high element of risk, and the work of the Department of Mines and Technical Surveys is intended, by research and by the development of new methods and techniques and by improved mapping, to reduce as far as possible that element of risk. The mineral industry, by its production of new wealth, provides a very important stimulus to the whole economy of the nation. The benefits of this production of new wealth extend right into every household in Canada. Because of the hardships and the high element of risk involved, the industry attracts people who have the qualities of adventure, persistence and resourcefulness. I am pleased to state that the relationship between the Department of Mines and Technical Surveys and the mineral industry has been excellent.

Following our custom of recent years, the department has prepared another summary of activities for the year 1955, which is in the hands of hon. members, as is our annual report. I trust that this summary of activities

has proven useful, and I would invite comments from hon. members. Someone usually asks the cost of the production of the summary. I am told it cost $240 to produce it this year.

I should like for a few minutes to review the organization and the work of the various branches of the department and the divisions of those branches, as related to the amounts of money requested in the estimates for this year.

The Department of Mines and Technical Surveys exists primarily to aid the growth of the mining industry in Canada and to provide the necessary surveys for exploration and development of our natural resources. It is fundamentally an investigative department, and for purposes of administration is divided into five branches as follows:

1. Surveys and mapping branch, with a hydrographic regional office in Victoria, B.C.

2. The geological survey of Canada, with five regional offices, namely, in Vancouver, Yellowknife, Whitehorse, Calgary and Sydney.

3. The mines branch, with a regional fuels division in Alberta.

4. The geographical branch.

5. The dominion observatory in Ottawa and the dominion astrophysical observatory in Victoria, B.C., with other substations.

I should like to deal first with the surveys and mapping branch. One of the divisions of its responsibilities is air photography. Before the last war there were great stretches of country, particularly in the north, that had no maps whatever, or if they had maps they were only based on traverses along a river where a traveller had made some rough sketches. Air photography has changed this completely. Originally the flying was mainly done by the R.C.A.F., but the appropriations as now provided by this department call for contract flying of areas selected according to their greatest need for both military and civilian purposes. In the fiscal year ended March, 1956, this department expects to spend its appropriation of $1,250,000 and a supplementary estimate of $550,000 for this purpose and for the present fiscal year we are requesting $1,500,000.

In order to get maps during the war, the north was covered by a trimetrogon system of pictures which consists of one vertical and two lateral oblique photographs taken at the same time. These pictures allowed the preparation of general maps on the scale of 1 inch to 8 miles. These were satisfactory for air navigation and reconnaissance investigations of the geology and mineral deposits, but too limited in accuracy for more detailed study. Consequently, all areas that were covered in a preliminary way by trimetrogon photographs are now gradually being covered by vertical photography. Much of the flying is done at about 30,000 feet to give wider coverage with less flying than at lower levels. Lower flying will be required in some areas for greater details of topography or for special purposes. All this is arranged through an interdepartmental committee on air photography of which the deputy minister of this department is chairman. Under favourable weather conditions it will be possible to have the whole of Canada, exclusive of the Arctic islands, covered by vertical photography by the end of 1957. There will be a continuing need for further photography taken at various heights to meet special requirements, such as forest inventory, geology, power development, defence projects, flood control and others.

I come now to the geodetic survey. In order to place map sheets in their proper relationship to one another and in their proper place in reference to longitude and latitude, it is necessary that a triangulation net of points be fixed in reference to one another. Also, in order that the surveyed altitude of various points may have true relations to one another and to the datum at sea level, their elevations must be determined with precision. Formerly, in fixing triangulation points, the geodetic survey built signalling towers and, by a rather slow process of observing angles between stations, built up a triangulation net in which all points of observations were accurately determined. Following the war this older method was replaced, in the north particularly, by modern electronic methods. By these it is possible to measure lines 300 miles in length with a precision of 20 feet.

This work by the geodetic survey has been done in conjunction with the R.C.A.F., and has become a model for geodetic work for all undeveloped parts of the world. It has allowed us in a few years to extend a triangulation net for accurate mapping from southern Manitoba to the Arctic and across the Arctic islands to Labrador where it will be joined to a net from the St. Lawrence area. This work has already occupied five field seasons, and several more will be required to complete it. Necessarily, expenditures for such surveys are heavy, but in relation to former slower and more laborious methods the unit cost per square mile is very much less. In fact, the work that is being done would be impossible by the older methods owing to the remoteness and isolation of most of the areas that are now being covered.

For the work of the geodetic survey for the coming year we are asking for $567,786, an

increase of $12,848 over the previous year. The geodetic survey has 52 permanent employees of which the technical staff, highly skilled in surveying methods and in mathematics, numbers 30. The chief of this division is also the head of the Canadian section of the international boundary commission which is responsible for the surveying and maintenance of all international boundary lines and monuments. For this fiscal year it is estimated that $58,060 will be needed for this purpose, a decrease of $3,021 from the previous year.

Next I will deal with the topographical survey branch. The actual physical features shown on our maps by contour lines result from the work of the topographical survey. This division uses the precise elevations and the fixed points established by the geodetic survey.

In the preparation of maps, air photographs are used extensively. During and since the war great progress has been made in using various types of plotting instruments to transfer information from air photographs to a map surface.

The work of the topographer in secondary triangulation and in obtaining field data has been greatly speeded up by the use of helicopters. These are used most effectively in country relatively free of timber. They have also proven very efficient in extensive mapping we have done in the Yukon, in the Northwest Territories and in Labrador. In fact, their use is essential if map making is to keep pace with the demands of the mineral industry and for other purposes. The use of helicopters with supporting aircraft is very expensive, but the unit cost per square mile has been greatly reduced by the greater amount of country covered in one season. There has been as much as a tenfold increase for a single field party over older methods and better results are obtained. For the topographical survey for the present fiscal year we are asking for $1,690,232, a decrease of $27,833 from the previous year.

The next division is legal surveys and aeronautical charts. Legal surveys are necessary for land subdivision and are carried out under the direction of the surveyor general. They are done by this department as a service to other departments such as northern affairs and national resources and for the Indian affairs branch of the Department of Citizenship and Immigration. Provincial boundary surveys are carried out in conjunction with the various provinces. Necessarily, legal surveys need to be done with accuracy and by well qualified land surveyors. We have found difficulty in maintaining an adequate staff to meet the demands that are being made on us because there is a great attraction for this type of surveyor in private enterprise owing to Canada's rapid expansion.

This division is also responsible for the production of Canadian aeronautical charts according to a world standard set by international agreement, and it co-operates with the Department of Transport in the publication of the *Canada Air Pilot*.

The division also prepares descriptions of the electoral districts of Canada according to the Representation Act and issues the electoral maps. For the provincial and territorial boundary surveys we are asking for $50,725 for this fiscal year, a decrease of $3,725 from the previous year.

The next division is the Canadian hydrographic service. Our hydrographic service performs a very important function in charting our coasts and our inland waters, measuring tidal currents and levels, and issuing charts and tables for shipping. We have three major vessels on the Pacific coast and four on the eastern coast. Also, for the past several years we have chartered two boats for northern work on the east coast, and we have other smaller boats on inland waters, including the great lakes and Great Slave lake. In fact, we use about sixteen boats in all in our work in making soundings for charts. Here again, newer sonic methods are replacing older techniques and fixation of points is being done electronically rather than by direct shore observation. Not only have such methods greatly increased the amount of work one ship can do in a season, but this work can be done out of the sight of land in such areas as the gulf of St. Lawrence and in weather when visibility is low. For our work in the north we are building a modern ship specially designed for Arctic work. It was launched two or three weeks ago and is expected to be commissioned this autumn. This vessel the *Baffin* will cost about $4 million and will be equipped, as I have said, with the very latest implements and also will be served by helicopters.

For the work of the hydrographic service we are asking $3,478,652 for this fiscal year. This is a decrease of $1,023,484 from the previous year, largely resulting from less payments on the construction of our new ship, the *Baffin*.

Map Compilation and Reproduction:

In the surveys and mapping branch we maintain a division for the compilation and printing of maps. This means we have a drafting staff, and much photographic and other equipment necessary for this work. Last year we distributed about one million maps. We have eight map-printing presses,

and in addition a very considerable number of our maps are printed by the army survey establishment of the Department of National Defence which works in collaboration with our topographic survey in the preparation of maps for military requirements.

For this fiscal year we are asking for $962,386 for map compilation and reproduction, an increase of $450.

The use of the helicopter and of new techniques has speeded up surveying to a marked extent. Because of this, the acquisition of data for map compilation is exceeding the capacity of our production facilities. Thus, it may soon be necessary to expand our map compilation and reproduction division, although this expansion will likely have to await completion of our new buildings on Booth street.

Geological survey of Canada:

The members of this house are perhaps more familiar with the work of our geological survey and our mines branch than with the other surveys of which I have just spoken. For this reason, I will deal only briefly with these services. These two branches give the most direct aid to the mineral industry in its exploratory and development stages.

The geological survey sends 75 to 90 parties to the field each year, and members can see the distribution last year from the map in the summary of activities for 1955. We have sent about the same number to the field this season; although their distribution has varied, each province will receive our attention.

One project which we are undertaking this summer is of special interest. In 1952 we covered an area of 57,000 square miles by a reconnaissance helicopter operation in the district of Keewatin, west of Hudson bay. The objective of this was to differentiate between rock formations favourable and unfavourable for prospecting. So successful was this operation that we did an adjoining area of 67,000 square miles in 1954. In 1955 we undertook another operation of similar size in the Thelon river area. All these airborne operations were done in areas in the north where the working season is short and each of which areas by ordinary means might have taken us 25 years to complete. We now have gained a considerable knowledge of the prospects for minerals in an area of 191,000 square miles north of the 60th parallel of latitude and between Hudson bay and Great Slave lake.

In addition, in 1955 we undertook a still more ambitious program by helicopter and supporting planes of an area in the Queen Elizabeth islands in the far north. This was our Operation Franklin, named after the great explorer. The personnel for this operation consisted of 30 men, of whom 11 were geologists. Two of the largest helicopters in commercial operation were used. Reports not yet released will give indication of the mineral value of this area mostly in relation to petroleum and coal. This operation alone cost approximately $294,000 but we believe it has yielded very important results.

In 1956 a further helicopter operation by the geological survey is being undertaken in northern British Columbia to obtain information along a possible road from Stewart at the head of Portland canal via Telegraph creek and Dease lake to the Cassiar area where important mineral discoveries including asbestos are being developed. The results of this operation have a direct application to geological conditions in the Yukon and hence should ultimately prove beneficial to the Yukon as well as British Columbia.

Our success in using helicopters has been good with our geological parties as with other surveys. For two years we have used helicopters in mountainous areas in British Columbia where the topography was so rugged that ground methods were impracticable. The results so obtained make us confident our new operation can be quite successful. The cost of that particular operation is expected to be approximately $170,000.

This year we expect to have two geological parties in the Yukon, four in the Northwest Territories, 12 in British Columbia, six in Alberta, one of which will operate partly in British Columbia, five in Saskatchewan, five in Manitoba, eight in Ontario, five in Quebec (excluding Labrador), two in Labrador and Ungava, eight in New Brunswick, five in Nova Scotia, one in Prince Edward Island and three in Newfoundland. In addition, we have a number of parties on various assignments not confined to one province. The total is about 75, which is five more than the previous year owing to the fact that an unusually large number of geologists are employed on our northern helicopter projects in 1956.

Perhaps it is well to remind hon. members at this time that the geological survey maintains the inventory of radioactive deposits under authority of the atomic energy control board.

Since 1949, there exists a national advisory committee on research in the geological sciences. The chairman of the committee is the director of the geological survey of Canada. The committee includes representatives of the federal government, the provinces, the universities and the mineral industry.

It has a threefold purpose: To co-ordinate geological research in Canada; to suggest research projects that should receive attention; and to aid in having these projects undertaken.

Grants are allocated, on the recommendation of the committee, for stimulation and support of fundamental geological research in Canadian universities.

Last year 14 grants were awarded in 8 universities at a cost slightly exceeding $24,000. This year, instead of a $25,000 allocation, we are asking for $40,000 to support geological research projects in Canadian universities.

The appropriations requested for the geological survey for the fiscal year are $2,483,954, a decrease of $14,683.

Mines Branch:

The mines branch performs a number of functions related to the mining industry and also in relation to projects dealing with metals and alloys in which industry and the armed services are concerned.

Mineral Dressing and Process Metallurgy Division:

This division, as the name implies, deals with methods of recovering metals from their ores. The work includes test milling on samples submitted, and research on the best methods of recovery. A wide variety of investigations are undertaken to improve recovery or to provide flow sheets for a new mill where a new ore body is being developed.

Industrial Minerals Division:

The industrial minerals division does a similar type of work for the non-metals. Ordinarily the non-metals are not so valuable for a unit amount as are the metals. Consequently there is greater need to help small enterprises which have not the technical facilities to do their own investigations in establishing new processes for use of some of the more common but highly important substances like salt, gypsum, limestone, or some of the less common substances like kyanite for refractories. A great many non-metallic minerals are constantly under study, and in this division water analyses for industrial use are undertaken.

Fuels Division:

This division has maintained a very considerable program of investigation in connection with coal in co-operation with the dominion coal board. It also does research on evaluating other fuels. Work on the coal-fired gas turbine engine in conjunction with Professor Mordell of McGill University has continued. Certain modifications and adjustments needed for the heat exchanger have been determined as a result of work done to date. These were carried out and the turbine is now being evaluated by test runs. The runs are being made over a sufficient length of time to determine the efficiency.

This experiment has had to be continued for a much longer time than was anticipated when it began five years ago. The $50,000 requested in our estimates will bring our expenditures to $600,000. The experiment is at a critical stage, and in order to get further trial runs and a comprehensive report so that a complete evaluation may be made, we have asked for an additional $50,000 in our supplementary estimates. I believe the Minister of Finance has already done that.

Mr. Johnston (Bow River): What is the total spent on that project to date?

Mr. Prudham: These estimates, when approved, will bring it up to $600,000 plus another $50,000 in the supplementaries. The decision as to our future operations will be dependent on the evaluation of what the results so far have been for the money spent. A final report, we hope, will be made by the end of 1956. The fuels division plans to hold a symposium on the project in conjunction with McGill University some time this autumn, and they hope to acquaint private industry with the possible practical application of the experiment.

In our work on coal in Alberta we are co-operating with the Alberta research council. The council has built a research laboratory on the campus of the University of Alberta in Edmonton, and two or three of our officers will work in this building in direct co-operation with Alberta research employees.

Physical Metallurgy Division:

The work of the physical metallurgy division has greatly expanded due to the need for metallurgical investigations connected with atomic energy. The work of this division has had to do with the development of satisfactory alloys for special uses, as in the aircraft industry, and the testing of parts to gain knowledge of the behaviour of metals under various conditions.

The Deputy Chairman: I must point out that the minister has spoken for thirty minutes. With the consent of the committee, he may complete his statement.

Some hon. Members: Agreed.

Mr. Prudham: We maintain a mineral resources division which keeps an inventory

of reserves of ore in mineral deposits, and compiles and publishes information relating to the economic phases of the industry. The members of this division, under the supervision of the director general of scientific services, administer the Emergency Gold Mining Assistance Act. They also serve on an interdepartmental committee with officials of the Department of Finance and National Revenue in relation to mine taxation problems.

Radioactivity Division:

In the radioactivity division the work is again one of the methods of processing ores, but it is largely of a chemical nature since leaching is commonly used in the treatment of radioactive minerals. The new developments in the lake Athabaska area in Saskatchewan and in the Blind river and Bancroft areas in Ontario have been spectacular in the varieties of ore bodies discovered and in the tonnages disclosed. For all these properties, milling and recovery practices have had to be established. The work of this division has contributed greatly to the success in making Canada a very important producer of uranium, especially in the work of developing methods of producing metal from low grade ore.

For mineral resources investigations, research, and acquisition of new equipment for the whole of the mines branch, we are asking $3,205,355. This is a decrease of $75,996 from the previous year.

Geographical Branch:

The geographical branch, established in 1947, carries out a number of projects in northern Canada directly related to air photo interpretation of terrain. Key areas are selected for study, and from the interpretations made from air photographs of these it is possible to make interpretations in other areas. This work is mainly for the joint intelligence bureau of national defence.

Studies of various cities are being made for the civil defence division of the Department of National Health and Welfare.

Also a compilation is made of the information relating to the distribution of ice conditions in northern Canada and in the gulf of St. Lawrence. This information is valuable to the Department of Transport in relation to navigation.

Work on the atlas of Canada has been under way for a number of years. I believe the last time I stood before this committee I thought that it would be completed this year, but that has not been possible. We have made considerable progress, but because of the priority of other projects the work on the atlas has lagged somewhat.

Mr. Johnston (Bow River): When will it be finished now?

Mr. Prudham: It will take at least one more year, and my guess is it will take longer than that. Our expenditures for the geographical branch are expected to be $283,386 for the present fiscal year.

Dominion Observatories:

The dominion observatories in Ottawa and Victoria, B.C., are maintained by this department. Observations of stars are essential to the maintenance of a time service. This is given with a precision that is essential for longitude determination, as well as public use. The investigations carried out by two field stations at Meanook and Newbrook in northern Alberta are in relation to the rate of meteor travel in the high atmosphere. This is a subject of interest to national defence in connection with the use of high velocity projectiles. We maintain a terrestrial magnetism section at Ottawa, and through this the declination of the compass is given to our other surveys for each map sheet issued. The information collected by this section is of practical value in making aeromagnetic maps for airborne magnetometers such as are in use by our geological survey and by private interests.

Magnetic stations are maintained for observations at Agincourt, Ontario, Meanook, Alberta; Baker lake and Resolute bay, Northwest Territories. We also continue to carry out observations of gravity, and the force of gravity at many points in Canada has been determined. This is of practical application in many ways, one of which is in pipe-line construction. This is of great value as basic information in making gravity maps used as an aid to prospecting.

Seismic records are kept at the dominion observatory at Ottawa and in a more recently established station at our Victoria observatory. In all, we have 12 seismic recording stations from Halifax to the west coast.

The work of the astrophysical observatory in Victoria is concerned primarily with scientific studies relating to the composition and character of the stars, planets and interstellar materials and the application of the results to terrestrial physics.

For the dominion observatories we are asking for $814,250, an increase of $75,727 over the previous year. This increase is largely connected with our activities for the geophysical year during which world-wide observations by many countries will be correlated. The basic studies for the geophysical year are related to the influence of the sun on the upper atmosphere and hence our

studies are primarily related to this objective. However magnetic observations are very important because of the fact that the north magnetic pole is in Canadian territory and our scientists will have an important part in these investigations.

The Explosives Act is administered by this department, which deals with the licensing, handling and storage of explosives, of which 132,824,000 pounds were produced for commercial purposes in Canada in 1955. The expenditures for this, including a small testing laboratory maintained in Ottawa, are expected to be $107,865 for this fiscal year, an increase of $9,525. A new explosives factory at Seven Islands is now in operation and another factory is under construction at North Bay, and these will involve additional inspection services.

This department, as I have said, administers the Emergency Gold Mining Assistance Act which was extended by parliament recently at the same rate for the years 1957 and 1958. As hon. members are aware, the amount paid is based on a formula in relation to the cost of producing an ounce of gold. Our estimated expenditures for this fiscal year are $16,431,915, exclusive of the emergency gold mining assistance. This compares with our estimate of $17,263,091 for the previous year, a decrease of $831,176.

At present the permanent staff of our department numbers 1,929, of whom 1,754 are in Ottawa. It is housed in many buildings widely scattered in this city. This for many years has impeded efficiency and caused difficulties in administration. Plans are under way for the construction of permanent buildings to house the larger part of our staff in the vicinity of our Booth street buildings now occupied by the mines branch. A chemical and radioactivity laboratory is now under construction. A geological survey building and an administration building are planned for early construction. For these buildings, including $135,000 for improvements to the heating plant, $2,852,000 has been placed in this year's estimates of the Department of Public Works.

In the near future we wish to construct a surveys and mapping building to bring together the various surveys and map compilation and reproduction division. The cost of this whole program is expected to be of the order of $12 million to $15 million. Also, for the current year provision is being made through the Department of Public Works for $200,000 for a wharf for our hydrographic ships at Victoria, British Columbia.

This statement, Mr. Chairman, is only an outline of some of the many activities of the Department of Mines and Technical Surveys.

[Mr. Prudham.]

Our relationships with the mining industry are cordial and on a co-operative basis. Our surveys and investigations are undertaken in consultation with provincial authorities under whose jurisdiction the mineral resources are administered. In this way duplication of effort is avoided, and provincial and federal projects are complementary to one another.

Mr. Dufresne: Mr. Chairman, I wish to thank the minister for the detailed statement he has given to the committee in connection with the estimates and the administration of his department. Since it is my intention to deal very briefly, of course, with the development of the natural resources in my province of Quebec, I am sure the minister will allow me to continue my remarks in my mother tongue.

(Translation):

Mr. Chairman, I take part in the discussion of the estimates of the Mines and Technical Surveys department in order to show briefly the great development of our natural resources, especially in the province of Quebec.

My province, I daresay, is unquestionably the province of Canada where, during these last few years, progress in that field has been the greatest, not to say the most fantastic. Boundless new areas, which a few years ago were outside civilization, have been opened up. They hold priceless wealth which is being developed for the benefit of the province where it is to be found and which provides Canada and the whole world with a practically inexhaustible source of ores of all kinds, thus contributing to our economic expansion and to Canadian prosperity. The huge mining development that has taken place in the Ungava district is unequalled in the history both of the province of Quebec and of our great country.

Several hundred million tons of iron ore have already been discovered and this ore is being mined at growing pace.

This vast territory, now opened up to civilization and international trade, has, in many ways, brought wealth to the province of Quebec.

Thanks to the excellent credit position which our province enjoys abroad, American capital, now mainly controlled by Canadians, is greatly contributing to our prosperity.

Since these important iron fields were first developed, the province of Quebec has known, and will know, ever-increasing expansion and prosperity.

Thousands of new jobs have been created, which brings a much needed security to many Canadian homes.

Factories of all kinds have been added to others already existing, and it appears that before long, considering the huge projects now under way, a territory heretofore ignored will become the Eden of a large number of Canadians.

Several new cities are going up in hitherto scarcely known areas, and will provide homes, full employment and security to thousands of our fellow citizens, whose contribution to their provinces and to their country will play a prominent part in the useful development of our territory.

New income sources, for the individuals as well as for the governments will contribute to the development, the greatness and the prosperity of Canada. Such an improved and secure income for individuals will relieve the burden weighing already too heavily upon governments, owing to the repeated requests for assistance to those affected by chronic or acute unemployment.

Governments increasing their income through the development of such natural resources, the authorities will then be in a position to divert to the welfare of the people the surpluses accumulated annually.

We can never be too thankful to divine Providence for endowing our province with such untold wealth which allows us to play towards humanity the part, the providential part, assigned to us.

The presence of this wealth in our soil is not a result of mere fate or coincidence; this wealth was placed there to insure the happiness of our people and to allow our people to make it available to others.

Research already initiated must be continued. The developments which we are given to witness at the present time must expand unceasingly for the benefit of our people.

I take this opportunity to pay a warm tribute and express sincere thanks to those who preside over the destinies of the province of Quebec and who are the fortunate ones responsible for this gigantic development of our resources.

Mr. Gauthier (Portneuf): This is quite a surprise to me.

Mr. Dufresne: That I should be congratulating the government?

Mr. Gauthier (Portneuf): Yes.

Mr. Dufresne: It would be a greater surprise if it were the hon. member for Portneuf who should be doing it.

Mr. Gauthier (Portneuf): Oh, no! I have done it before.

Mr. Dufresne: Their vision, their devotion to those after whose interests they look, the sacrifices they have willingly undergone and the immense contribution they have made so far towards the exploration and development of our mineral resources have given Quebec pride of place in this field, a position which it is proud to occupy.

I mentioned, in particular, what is now happening in northern Quebec, but it should be kept in mind that, in the district of Chibougamau, in the peninsula of Gaspe and in many another area of that province, the development of our natural wealth has advanced as never before.

Canada has the privilege to have huge riches under its soil. And how many more still lie there unknown to us, waiting for the patriotism and the money of a few men to discover and put them at the disposal of our great land.

I therefore urge all Canadians who possess capital resolutely to invest a great part of it so as to create a more beautiful and greater Canada, that may hold its own among the nations of the commonwealth. The department concerned must carry on its surveys so that, instead of remaining unused, our natural resources may promote the happiness and prosperity of this country and contribute also, perhaps, to the raising of the living standards of other countries to which we could extend these benefits.

Mr. Chairman, I will conclude by thanking once more the Minister of Mines and Technical Surveys for the brilliant introductory speech he made a moment ago, as well as for the information he was so kind as to communicate to the house with regard to his department.

(Text):

Mr. Herridge: Mr. Chairman, I followed with great interest the minister's remarks concerning the increase in mining production and petroleum production, and the information he gave us about the research being undertaken by the department and the activities of various branches, but I am going to take the opportunity presented by the first item of these estimates to refer to another

question which we in this group consider of some importance.

This group is interested in an accurate recording of Canadian history of exploration and geography and the complete protection of Canada's sovereign rights. Now, I have always been interested in geography, and particularly in the history of the exploration of the Canadian Arctic. I must say the tempo of my interest was somewhat increased last year as the result of a conversation with an officer of the Royal Canadian Air Force who had been serving in the Arctic and who was himself very concerned about the maintenance of Canadian sovereignty and the apparent ignorance of certain United States army personnel concerning Canadian rights in the Arctic.

I am going to say a few words this afternoon about what I will term the forgotten expedition. Last year I placed a question on the order paper asking for a definition of the land area that is considered to be within the jurisdiction of Canada north of the mainland of this country and later, at the suggestion of certain people, I withdrew that question. As a result, apparently there was a radio news report and a constituent of mine, Dr. L. E. Borden, who was a member of the first Canadian Arctic expedition, contacted me because this report disturbed him very much indeed as it indicated there was some uncertainty on the part of this government as to our territorial rights in the Arctic and when they were established.

On investigating this situation I found there were good sound grounds for Dr. Borden's concern. In fact, on checking what books I could find and various reports and articles published by scientific societies, I found what I considered an amazing situation. I found first of all in the *Canadian Geographic Journal*, 1935, volume 10, an article by W. Eggleston entitled "Canada's Northernmost Island." There was no mention whatever therein of the cruise of the *Neptune* in 1903 and 1904 under Commander A. P. Low, which was the first Canadian Arctic expedition.

Then I found in a book published by the Department of Mines and Technical Surveys an article entitled "The Canadian Arctic—1951". While there is a brief mention of this expedition there is no mention made of Commander Low taking possession of Ellesmere, Southampton and other islands on behalf of the Dominion of Canada. I obtained a copy of the periodical *Arctic*, which is the journal of the Arctic Institute of North America, volume 8, No. 1, 1955, and I found there an article entitled "Northern Ellesmere Island" by G. Hattersley Smith, and again no mention is made of Canada's first Arctic expedition although this article was written particularly to list and deal with all the expeditions to the Canadian Arctic. Then I was amazed to find in the *Canadian Geographic Journal* of June, 1956, an article by Andrew Taylor entitled "Our Polar Islands—The Queen Elizabeths" which again overlooks Canada's first Arctic expedition.

At any rate I was cheered later by information given to me by the minister. Knowing I was interested in this question the minister directed my attention to a book published by his department in December of last year entitled "Geographical Discovery and Exploration in the Queen Elizabeth Islands". In this booklet for the first time—and I have gone through the department's records for many years past—we find an adequate reference to the cruise of the *Neptune* in 1903 and 1904, and I want to acknowledge the assistance I received from the minister in this respect. I think this article was included for the first time as the result of the minister's interest in this question when the uncertainties were unfolded last year.

On page 111 I find chapter 7 dealing with Canadian expeditions, and there it says:

> Early in 1903, the government of Canada decided to send a vessel "to patrol the waters of Hudson bay and those adjacent to the eastern Arctic islands". The expedition was placed under command of a geologist, A. P. Low, and the government chartered the *Neptune*, the "largest and most powerful ship of the Newfoundland sealing fleet", for this purpose.

Then it goes on to deal quite extensively with certain aspects of this expedition, and I must say I am very pleased to see this expedition noticed for the first time for many years in a government publication. Commander Low commanded the first Canadian expedition to the Arctic on instructions from the minister of marine of that day; I think it was Hon. Mr. Prefontaine. On his return he published a report of over 350 pages which contains a great deal of interesting information on the physical features of the Arctic islands, Eskimos, the geology of the area, the flora and fauna, the possibilities of navigation of Hudson bay for the taking of wheat from Fort Churchill, whaling, an historical summary of preceding expeditions, and his report also contains other interesting matters.

I understand there are only a few copies of this report in existence, including one that I found in the library, which obviously belonged to Captain J. E. Bernier, and one, I understand, in the possession of the department. So far as I can find there are no other records of this expedition, except four or five small leather-bound notebooks in the geological section of

the minister's department, which contain some brief and fragmentary pencilled notes by Commander Low. I want to thank the minister for having had these notebooks looked up and for informing me that they were available and that I might read them. I saw one or two interesting items in them. They are very sketchy and obviously only the remnants of Commander Low's notebooks. There is a note for September 4 to October 3, 1903:

> Gears stored under coal. Burned 600 pounds coal today. Average 7·5 knots. Must be careful of our coal now half gone.

I thought that was a remarkable 24-hours steaming at 7·5 knots in those days. I noticed that on June 22, 1904, there were some notes on an illness suffered by Dr. L. E. Borden, who was the surgeon and botanist. Apparently there are no other records, diaries, proclamations, expense accounts or other information available in connection with this expedition. The Minister of Transport has very kindly had the records of the Department of Transport searched; the Minister of Northern Affairs and National Resources had the records of his department searched, and the dominion archivist has searched the dominion archives. So far as I know there are no records available of this expedition other than the ones I have mentioned.

Before proceeding I wish to quote briefly from Commander Low's report of his expedition, "The Cruise of the Neptune, 1903-04", which is prefaced by some remarks by Hon. Raymond Prefontaine, K.C., minister of marine and fisheries. This is dated at Ottawa, September 8, 1905. It says in part:

> I have great pleasure in calling attention to the valuable work of the scientific staff of the expedition. Dr. L. E. Borden, by his skill and attention, kept everybody in a good general state of health, and in addition rendered great assistance in the collection of specimens and data relating to ethnology, botany and zoology.

He goes on to give the order in council giving authority for the expedition, and so on. I would just like to say a word or two about Dr. L. E. Borden, who happens to be a personal friend, and I know he also is a long-time personal friend of our chairman, who I am sure would support any complimentary remarks I have to make about Dr. Borden.

Mr. Prudham: May I ask my hon. friend for his address?

Mr. Herridge: When I am reading from a letter I shall give it to the minister. I might say that Dr. L. E. Borden graduated from Dalhousie in arts and medicine, had an interneship in Victoria hospital, and was surgeon and botanist for the cruise of the *Neptune*. He came to Nelson in 1908 and commenced the practice of medicine. He held the rank of major in the first and second world wars. He represented the Nelson constituency in the provincial legislature from 1928 to 1933. He has been active in many community organizations, and has had a long-time interest in mining and prospecting organizations. I think at one time he was president of the miners' and prospectors' organization of the Kootenays. He is respected and highly thought of by all who know him and, I must say, particularly by the veterans he served continuously from 1914 until 1947, when he retired from active practice.

Dr. Borden was present when Commander Low took possession of Ellesmere and Southampton islands, and has copies of both proclamations, diaries, samples of Eskimo art and carvings. He is, so far as I know, the only survivor of the expedition. I am going to say at this time that I have tried to get a copy of the proclamations concerning the taking of possession of these islands in the name of the Queen and of Canada. So far as I can find out there is not a copy of those proclamations in any department of government. I think it is quite safe to say on that account that the government has lost the title deeds to the Arctic.

I understand that when Commander Low took possession of these islands—and Dr. Borden has pictures of the crew raising the flag and taking the salute—there was a copy. Commander Low wrote three copies, one for his purpose, one to be delivered to the dominion government, and one now in the possession of Dr. Borden. I am just going to put the proclamations on the record for the information of the minister and those interested in this history. This is the proclamation in connection with taking possession of the island of Southampton:

> In the name of our gracious sovereign King Edward VII and on behalf of the government of Canada, I renew and take possession of this island of Southampton for the use and property of the Dominion of Canada. God save the King.
>
> A. P. Low
> 23/6/04

Then he said:

> Having raised the dominion ensign on the cairn and recited the above in the presence of the crew we gave three cheers for the King.

Then I have a copy of one of the three original proclamations which was given to me by Dr. Borden. This proclamation reads:

> In the name of King Edward VII, and on behalf of the government of the Dominion of Canada, I have this day taken possession of the island of Ellesmereland and all the smaller islands adjoining it.
>
> And in token of such formal possession have caused the flag of the Dominion of Canada to be

hoisted upon the land of Ellesmereland: and have deposited a copy of this document, sealed in a metal box, in a cairn erected on the conspicuous headland of Cape Isabella.

A. P. Low,
Officer in charge of
dominion expedition to Hudson bay
and northward.

On board
Dominion steamship *Neptune*
Smith sound.
11 August, 1904.

I have had some very interesting correspondence with Dr. Borden and I am going to quote briefly from a few of his letters. I might mention at this time that Dr. Borden, for health reasons, has left Nelson and now resides in Victoria. He has been there for about a year. His address is 1315 Monterey avenue, Victoria, B.C. He has this to say in writing about his personal experiences:

From my diary of August 10, 1904:—

He is quoting his own diary.

"This is truly historic ground." The next day we landed and deposited the proclamation as per A. P. Low's report on page 48, paragraph 1 of the "Cruise of the Neptune". I am probably the only living person who witnessed this ceremony of taking formal possession of Ellesmere as I also witnessed on June 23, 1904, Commander Low take formal possession of Southampton island in Hudson bay.

The time of the event of taking possession of Ellesmere which occurred to us of the expedition is of great importance and cannot well be forgotten as the midnight sun was shining in all its glory and we had just had a miraculous escape from death the day before when the *Neptune* struck a submerged reef.

Then in another letter he mentions some quite interesting facts. He has this to say:

As surgeon for the expedition I was asked by the government to make a report on the health of the Eskimo, especially noting tuberculosis, syphilis and cancer. As far as I know this was the first report ever submitted to the dominion government on the health of the Eskimo. I reported that I had found tuberculosis not prevalent but cases of both chest and bone; that syphilis was present but only, as far as I could find, in the tertiary stage; and as for cancer, after examining Eskimo of all ages in winter encampments and on a voyage of over 10,000 miles in summer at every port of call I never found a case and I may note that a good many years afterward I noticed in a report from a doctor at Aklavik that he had never seen a case. And just for the record may I draw your attention to the fact that Dr. Sweitzer of Lamberene in Africa reports that he has never found a case of cancer in a native.

As botanist I was supposed and did go ashore every time a boat went off to look for specimens. I have, therefore, a very particular cause to remember all landings and events that took place are still very fresh in my memory . . .

Dr. Borden was the first Canadian to botanize the Arctic on behalf of the government of Canada. Commander Low made a great contribution to our knowledge of the Arctic as commander of this first Canadian expedition, and he also reported quite fully in his book on the possibilities for navigation in Hudson bay. Incidentally, he was also the first man to discover iron ore in Ungava. I happened to pick that up out of a book I was checking in connection with my investigation. I wondered whether Canada had recognized the work of Commander Low, and I am glad to know that a mountain in the Rockies on the Alberta-British Columbia boundary, located at latitude 51 degrees, 43 minutes, longitude 116 degrees, 48 minutes, was named in his honour in 1920.

I think it is most unfortunate that so little is known about this expedition. For instance, I find that Pierre Berton in his book, "The Mysterious North", on page 203 states that Captain Joseph Bernier, the bluff Canadian mariner and explorer, in a series of voyages during the early part of the century took possession of the Arctic for Canada. Evidently Mr. Berton, who is very well informed on Canadian history, particularly Arctic history, like the majority of other Canadians has never heard that Commander Low took possession of this area for Canada in 1904.

I made some other investigations. Apparently our university students, our high school students and our public school students have been completely misinformed to date on the history of Canadian exploration in the Arctic because of the failure to recognize this expedition and the lack of information concerning it.

I am going to make two or three suggestions before I sit down. I suggest that a copy of Commander Low's report—I understand there are two copies in existence here—his fragmentary diaries and any other papers that can be located be turned over to Dr. Kaye Lamb, our dominion archivist. I know that when it comes to ferreting out records concerning history Dr. Lamb has the eyes of a fox terrier, the nose of a retriever and the tenacity of a bulldog, and I think it would be most appropriate to give him the job of collecting this information and putting it in a safe place for future generations of Canadians.

My second suggestion is that advantage be taken of the fact that Dr. L. E. Borden, as the only known survivor of the expedition and, as I mentioned before, as the man who was the surgeon and botanist, has diaries, other notes, photographs, Eskimo art and recollections that would be invaluable in completing the records of the history of this first expedition into the Canadian Arctic. I hope the minister will find it convenient to arrange for the appropriate official of his department to visit Dr. Borden and take advantage of

the treasure of knowledge that he is able to supply the department and the archives.

Mr. Prudham: I will certainly do that.

Mr. Herridge: My third suggestion is that there is a splendid opportunity here for several organizations that have completely overlooked this expedition. To tell you the honest truth, I am amazed that the records of the Arctic institute were not more complete. I suggest that any one of the three following organizations have an opportunity to write a more or less popular edition of the history of our first Canadian expedition so that our university people, our high school children, the children in our public schools, Canadians generally and the members of the United States defence forces will have a proper knowledge of Canadian rights and sovereignty in the Arctic and when these regions were taken by Canada. I suggest that here is an opportunity for the Arctic Institute of Canada, the Canadian Geographical Society or the Canadian Historical Society. Any one of them is quite capable of using its magazine and other facilities to bring to the attention of the Canadian public this page in Canadian history which has been overlooked for many years. In my opinion every effort should be made through some such method as I have suggested to properly inform Canadians on this important question.

I also suggest that it would be a splendid gesture on the part of the Canadian board on geographical names to recognize the work done by Dr. L. E. Borden as surgeon and botanist, the first Canadian to botanize the Arctic, and for all his work in connection with this expedition, by naming some physical feature in Canada after him.

Finally I want to say that the Canadian Arctic belongs to Canada, and at this time it is most appropriate that we do not hesitate to emphasize our sovereign rights in that area and fully inform Canadians of the interesting history of that period.

Mr. Johnston (Bow River): Mr. Chairman, I want to say a few words on this occasion, though I do not intend to take too long. I noted what the minister said when he commenced his remarks about preferring to have the coal problem dealt with when the item comes up. However, it is very possible I will not be here on that occasion; therefore I should like to say something about the coal situation generally in Canada at this time. I can assure him that if I should happen to be here then I will not repeat what I am about to say now.

First of all, I think the very distressing condition in which the coal industry finds itself hardly needs mention by me. I am not blaming anyone particularly for that because there are a number of factors entering into the problem. Probably the minister is not to blame in any particular instance but I think that the federal government, having in mind the over-all picture, could do a little more than is being done, and I will try to indicate what that is as I go along.

To emphasize the point I raised a moment ago about the alarming and distressing position in which the coal mining industry finds itself today, I should like to refer to the coal board report, page 10. This is the 1955 edition of the annual report, so it is right up to date. Under the heading "Developments in the Coal Situation and Current Outlook" it states:

> The production of Canadian coal mines in 1954-55, amounting to 14·7 million tons, showed a decrease of 1·1 million tons from the total for 1953-54. This loss was borne by the Alberta and British Columbia fields and more than offset gains in those of Saskatchewan and the maritimes.

Then down further on the page we find this:

> The full plight of the Canadian coal industry becomes manifest when it is considered that over the past four fiscal years the annual production has fallen by 3·8 million tons or 20·3 per cent, imports by 7·6 million tons or 29·4 per cent, and over-all consumption by 9·1 million tons or 21·1 per cent.
>
> The decline in coal mining has occurred despite progressive and substantial increases in the financial assistance extended to it by the federal government. Subvention payments have risen from $4·6 million in 1951-52 to $11·3 million in 1954-55 and in the latter year exceeded those in 1953-54 by $1·5 million.
>
> The Alberta and British Columbia fields, more especially the former, have suffered most of the aforenoted reduction in Canadian coal output. The present prospects for this segment of the industry are bleak. The bituminous mines, which used to supply about 70 per cent of their output to the railways, chiefly from their underground operations, have suffered further serious losses in this market.

I read that to you, Mr. Chairman, and to members of this committee in order to give the members of this house who represent all parts of Canada the facts regarding the distressing situation in which the coal industry finds itself. The situation is not peculiar to the western Canadian provinces. The same thing is true in the maritimes but to a lesser extent, and probably there is some reason for that. As I said a moment ago, Mr. Chairman, it is true that there is probably some reason for the decline in the coal industry, particularly in western Canada, where we have had the development of oil and gas. Oil has not taken too great a toll of the production of coal, but gas has taken some. But at the moment, particularly at

the time at which this report was issued by the coal board, gas did not affect materially the production of coal; and by the statement I have read you can see that the production of coal has steadily declined.

To give you a more specific picture with regard to the decline of coal production let me further refer to the dominion coal board's report. At page 28, under the heading "Production", this is stated:

> The output of Canadian coal mines during the fiscal year under review showed a reduction of $1,040,000 tons or 6·6 per cent in comparison with the total of 1953-54, and of 3,776,000 or 20·3 per cent as compared to the production of 1951-52. Most of this loss was borne by the Alberta fields.

That makes two occasions within a matter of a few pages in this report on which the board has pointed out that the coal industry in western Canada, and particularly in the province of Alberta, has been receiving very bad setbacks. As I say, that is not because of overuse in other parts of Canada of natural gas. It is true that the gas, when it comes down to Ontario, will affect to some extent the coal consumption in Ontario and in the province of Quebec. But there again it is not going to affect the production of coal in western Canada and in the maritimes as much as some would think, because very little coal from the other parts of Canada is used in those two central provinces anyway. We therefore cannot blame the situation on the use of fuel oil or gas, except of course to the extent that fuel oil particularly is being imported from the United States.

In this report we have the production figures for Nova Scotia, New Brunswick, Saskatchewan, Alberta bituminous, Alberta subbituminous, British Columbia and Yukon. Let me give the total figure for 1953-54 which amounted to 15,803,000 tons. For 1954-55 it was 14,770,000 tons. That is the production for Canada. From the same report I want to give you the amount of coal which was imported into Canada from the United States; and may I say in passing that I think this is where our solution can be found. As to imports of bituminous coal, the total for 1954-55 was 15,639,000 tons. For anthracite the total was 2,504,000 tons. Those two figures make a total of 18,143,000 tons. You will notice there is a difference there of 3,373,000 tons of coal; that is, 3,373,000 more tons of coal were shipped into Canada than were produced in Canada.

When you consider that every year, according to the report, the production of coal has been dropping—since 1951-52 particularly—it seems to me that the federal government and the provinces also are going to be obliged to do something to see that this industry is kept alive. I think every member in this house has on other occasions pointed out that the coal industry is vital to Canada from the standpoint of defence, if for no other reason. We are getting a gas line brought down to Ontario from which the Ontario people are going to derive a great advantage. But I must point out also that a gas line is most vulnerable from the standpoint of attack when the enemy come to invade this country, if they ever do.

We must be cautious that we do not destroy one of the greatest industries in Canada. In fact I do not think the time will ever come when you can completely do away with the coal mining industry and the need for coal. It might be reduced to some extent, but it certainly will never be done away with.

In his speech this afternoon the minister pointed out that a considerable amount of research has been done with regard to the coal-fired turbine. I think it is his hope and the hope of all of us that when that turbine is developed there might be some relief for our declining coal production. We have now spent—I think this is what the minister said; he will correct me if I am wrong—or by the end of the year will have spent something like $600,000—

Mr. Prudham: $650,000.

Mr. Johnston (Bow River): —or $650,000 in the development of this new gas turbine engine. That is a tremendous amount of money, but that development has been going on for about four or five years. I can well recall that when the members of the house visited the plant at Montreal their hopes were raised that this machine was going to come into use in a year or two years at the most. We have been waiting now for many years longer than that, and there is no immediate prospect of that happening in the near future or of it being of assistance to the coal mining industry. We cannot, therefore, place too great hopes in that direction for immediate relief at least.

Then there are the experiments being conducted by the federal government in close co-operation with the provinces, particularly the province of Alberta, in connection with the development of electricity through the use of steam produced by coal. That is probably going to assist coal production to some extent, particularly when the coal fields are in close proximity to the place where electricity is to be developed and when that electricity can be used for the development of industry. However, that, too, is a long way off, and we cannot put our immediate hopes in that direction if we wish to find a permanent solution for this declining coal industry.

I suggest to you, Mr. Chairman, that in this country we do not hesitate to go to great lengths to assist other lagging industry. My mind goes to the gold mining industry. There is never any objection in this house, or very little, particularly from the members from central Canada, when it comes to assisting the gold mining industry. I just want to put on the record something about the subsidies which have been paid to that industry. I am not overlooking the fact, either, that there have been subsidies paid to the coal industry as well, and I have already so indicated. It should be recalled that there are only about 23,000 people, I think it is, employed in the gold mining industry, and that is a very small number of people compared to the thousands and thousands who are employed in the coal industry. Our coal industry, however, is gradually going down and unemployment is resulting in Alberta from that fact. A year ago the provincial government allotted over $100,000 to reallocate and rehabilitate the miners who had been thrown out of employment because our coal industry was declining so rapidly.

But the gold industry is not declining quite so quickly. In 1948 we paid $10,546,000 in gold mining assistance; in 1949, $12,569,000; 1950, $9,015,000; 1951, $10,750,000; 1952, $10,852,000; 1953, $14,625,000; 1954, $14 million; 1955, $10 million. It is estimated that in 1956 we will pay $11 million. This will make a total of $103,357,000 for that nine-year period. The coal industry, as I indicated, in 1951-52 received $4·6 million and in 1954-55, $11·3 million. When you compare the two you find that the gold mining industry, which employs a comparatively few people compared with the coal industry, has been assisted to a far greater extent than the coal industry.

Mr. Prudham: I am sure my hon. friend has been misinformed. I think the numbers employed in the two industries are approximately equal.

Mr. Johnston (Bow River): I would ask the minister to put the exact figures on record, if he would, because my information is that there are only about 23,000 miners employed in the gold mining industry. That does not include their families, but I think there would be many times more than that employed in the coal industry. Of course I would agree with the minister that the number employed in the coal industry has been reduced tremendously in the last year because of reduced production and the closing of mines. As I indicated a moment ago, Alberta had to devote $100,000 to the rehabilitation of miners in that province and in order that they may move to other places. I would say that the number employed in the coal industry has reduced very rapidly from 1951 or 1948. It has been decreasing so rapidly we should be alarmed in this house lest the industry disappear entirely. Hon. members are aware of the fact that you just cannot train a miner overnight. If we were called upon to increase our coal production in case of emergency, we just could not do it because we would not have the qualified miners at hand to go back into those mines. We should, therefore, look very carefully at that aspect of it.

I suggest to you, Mr. Chairman, as I have suggested before and as others have suggested, particularly the hon. member for Cape Breton South, that we should have a national fuel policy. You will recall that the federal government, particularly the Prime Minister, was not hesitant about declaring that we should have a national gas policy for Canada when there was some thought that gas from Alberta, Saskatchewan and Manitoba might be shipped south to the United States and deprive Ontario and Quebec of that cheap fuel for the development of the industries in those two central provinces. The government then came out most hastily and said no, sir; we shall have a national gas policy in Canada and an all-Canadian pipe line.

Why can we not show some of that same concern and anxiety for the coal industry and establish a national fuel policy for Canada? As indicated a few moments ago, we are importing from the United States 3,373,000 tons of coal more than we produce in all Canada. I think that is where our solution lies. Some may say that I am trying to cut off imports from the United States, and if you are going to do it in one thing you should do it in another. Make no mistake about it; the manufacturing industries which are established in the central provinces do that very thing. They have great protection from the tariffs of this country which allow only limited amounts of the goods they are manufacturing to come in from the United States.

I think it would not be unfair at all for the Canadian government to say, we shall reduce the imports of coal from the United States at least to the point where there is some semblance of equality between the amount shipped in from the United States and the amount we produce in this country. I am going to say, as I said last year, that if we would only reduce imports from the United States by one million tons, which would not affect imports from the United States to any great extent, we would be able to give this dying Canadian coal industry a greatly needed shot in the arm. If we were to curtail imports from the United States by two million

tons it would do a lot toward re-establishing our industry, regardless of the fact that gas is going to be used in Ontario and Quebec. If we would curtail the importation of coal from the United States to the extent of four million tons, I am sure that our industry would be put back on its feet again.

Then what would be the over-all situation? I do not think it would be unfair at all. I do not think anyone could accuse me of being against the United States coal or fuel oil industry in endeavouring to get a market in Canada for some of our own production. I say, what would be the over-all picture then? Instead of a production of 14,770,000 tons in Canada we would have 18,770,000 tons. Instead of 18,183,000 tons coming in from the United States we would have 14,143,000 tons.

I am going to say that while we would be producing in Canada about 3½ million or 4 million tons more than we would be importing, it would be a healthy condition for this country. We should not be importing more coal from the United States than we produce in Canada when we have practically 7 per cent of the world's known supply of coal in this country, and particularly when our own coal mines are being closed down and our miners thrown out of work all across the country. That is true of the maritimes and western Canada as well. If that were done it would give our mines a needed shot in the arm, if I may use that expression.

I say to the minister I recognize immediately that the government has given the coal industry quite a lot of money in the way of subventions, but not nearly as much as the gold mining industry has been receiving. I do not believe the minister would be able to raise subventions sufficiently high to offset the tremendous amount of coal that is coming in from the United States. I think a limit has to be put on the importation of coal into this country. If that were done the subvention on coal would not have to be raised too much.

Mr. Prudham: How would you do it; how would you limit it?

Mr. Johnston (Bow River): It would be very easy to put a limit on the maximum amount of coal that could be shipped into this country. I do not see any difficulty at all. The United States puts a limit on the amount of agricultural products that can be shipped from Canada into the United States. Why can we not put a limit on the amount of coal shipped into Canada from the United States?

Mr. Enfield: To what extent will the steel mills in Canada accept coal from Alberta, from the point of view of quantity?

[Mr. Johnston (Bow River).]

Mr. Johnston (Bow River): There is a remark on that in the coal board's report, if I could just lay my hands on it. They speak about that. On page 11 I find the following:

> The main hope for new outlets for western coal lies in the field of increased thermal power generation.

No, that is not it. They mention it, but I just cannot lay my hands on it. They mention the fact that one of the hopes for an increased production of western coal lies in the amount supplied to industrial plants in Ontario. I think the importation of gas into Ontario and Quebec from Alberta will have some effect on that. I say to the minister that although we are giving a generous amount in subventions, I do not think that is going to be the solution of our coal problem. It does seem to me that we have to do something about the importation of this coal into Canada, at least to the amount necessary to keep our mines going and to give our employees a decent standard of living. If we did that it would be the solution of our coal problem.

Mr. Prudham: Mr. Chairman, the hon. member who has just spoken mentioned that he possibly will not be here when the coal item comes up. I have had the figures of the number of employees in the gold mining industry supplied to me. In 1954, 18,479 people were employed in the gold mining industry and in 1953, the year for which the figures are supplied here, 18,291 were employed in the coal industry.

Mr. Johnston (Bow River): What about 1948 and 1949? I referred to the production of coal in those years.

Mr. Prudham: I have not those figures.

Mr. Johnston (Bow River): I think it would be fair to say that during the last 10 years many more coal miners than gold miners were employed. Would it be a fair statement to say that at least twice as many were employed?

Mr. Dumas: Mr. Chairman, I do not intend to take any more of the time of this committee than is necessary, but I hope I will be permitted to make a few comments concerning the activities of the department and its personnel. There are also one or two things which I would like to bring to the attention of the minister, the officers of his department and hon. members who, I am sure, are all interested in this very important sector of the government.

At the outset I wish to congratulate the minister on the high efficiency with which he directs the affairs of his ministry. I also

wish to congratulate each and every one in the department on the excellent work done during the past year. More particularly I want to pay a tribute to the engineers, the surveyors, the geologists and other experts of the department and their helpers whose work in the field or at headquarters has proven to be so valuable to the orderly development of our mineral and other natural resources.

They have been working in co-operation with other provincial or private scientific research parties and with the prospectors and mine developers, and with them they share much of the credit for this extraordinary development which has taken place in northern Canada during the last 15 or 20 years. Without the work of all, this tremendous sweep of waste land to the north could not have become productive regions dotted with wealth-producing communities.

I am also pleased to see that the minister has again authorized the publication of a pamphlet summarizing the activities of his department for the year 1955. Everyone who is acquainted with this pamphlet agrees that it is an excellent publication and that it should be continued.

I wish to put on record short extracts from some of the letters I have received commenting on this booklet. The committee will be pleased to hear what the industry thinks of this department. The first letter is from F. J. O'Connell, general manager of Sigma Mines (Quebec) Limited. I quote:

> We were very pleased to receive Summary of Activities, 1954 for the department of mines. We have reviewed this thoroughly, find it most informative and are amazed at the number of activities carried on under the Department of Mines and Technical Surveys.

The next letter is from the manager of Elder Mines Limited, and reads as follows:

> I particularly liked the Summary of Activities of 1954, published by the Department of Mines and Technical Surveys. I think they did a very thorough job and are to be congratulated in turning out this publication.

Another letter comes from the manager of Stadacona Mines Limited, and reads as follows:

> The Summary of Activities, 1954, acquaints the reader with the scope of the department of mines and the various services performed. It is gratifying to note that the geological survey is expanding so rapidly and that they are employing more aircraft in their operations.

The last one I wish to put on record is from the manager of the Lamaque Mining Company Limited, and it reads as follows:

> The Summary of Activities of the Department of Mines and Technical Surveys for 1954 is a very well prepared booklet and it was interesting to note the modern methods which this department is now using not only to increase the speed at which geological studied areas are being mapped but it also shows the very desirable trend in increasing efficiency of the work of this department. We note that the "New Quebec-Labrador, Quebec" areas were covered by a total of ten field parties and that only the province of British Columbia exceeded this number of field parties. This suggests that the department realize the importance of the possible mineral deposits in our province.

This booklet, Mr. Chairman, is published in English and in French. It is well presented, and it certainly makes it easier for whoever wishes to acquaint himself with the activities of the department or intends to discuss its estimates. What I like most about this pamphlet is that it gives concise information on the main accomplishments in every one of the five branches into which the department is divided.

For instance, if we look at the map on page 2 we are immediately aware of the number and diversity of the locations across the country which were visited by hydrographic, topographical and geodetic field survey parties during the course of last season's operations. Also on pages 22 and 23, at a glance we are informed of the different locations visited by the field parties of the geological survey branch during the summer of 1955. The whole pamphlet is very informative, and again I express the hope that its publication will be continued.

Despite the long association of mining with Canada, it was only about 55 years ago that it actually became a large industry in this country. During those 55 years, the number and importance of the mines have increased to the point where, for 1955, the value of their output has been more than $1,500 million. Canada has become one of the world's greatest producers of minerals. There is every reason to believe that in this country of ours during the next ten years we shall see an even greater expansion in our mining industry than we enjoyed during the past decade, and we know that was the most active decade we ever had.

There are two more items concerning which I would like to say a few words before closing these remarks. The first item has to do with radioactivity surveys; the other has to do with gold. Concerning the radioactivity surveys I wish to learn from the minister if we have made any progress. In the summary of activities for 1950 and 1951 we were informed as follows, and I quote from page 21 of the 1950 report:

> In co-operation with the national research council and with the crown-owned Eldorado Mining and Refining (1944) Limited, work was commenced on the development of an airborne radioactive detector that may be used to locate deposits of radioactive substances from an aircraft. It may thus soon be possible to make both

magnetic and radioactivity surveys at the same time. Considerable further research work is needed, however, before any claims for effective application are justified.

The following year, as reported at page 22 of the 1951 report, it was stated:

An airborne detector of radioactivity was carried in the same plane as the magnetometer, and radioactivity surveys were made at the same time as the magnetic. So far, however, this instrument has not been shown to be useful as a geological tool. When the anomalies noted are better understood the instrument may prove to be valuable for prospecting for uranium deposits.

Can the minister tell the committee if the geophysics section of his department has made any progress as far as this method of survey is concerned? Can we expect that the geological survey branch will be able to issue maps containing this kind of information?

The last item with which I wish to deal is gold. The mines branch of the department is continually engaged in activities concerned with all phases of the mining and metal industries. In every one of the annual reports we read that the different divisions of this branch are carrying on research work of all kinds. In the case of the industrial minerals the branch is always directing much of its efforts to research relating to the development, utilization and conservation of our mineral resources. In a pamphlet published during the month of March 1956 by the Canadian metal mining association I note the following:

Research Into Extended Commercial Uses of Gold.

Following a resolution sent to this association by the Quebec metal mining association, the executive committee of the board have under consideration a proposal that the possibility of research into more extensive commercial uses of gold be examined.

This question has been raised previously, and for the guidance of our board we are anxious to obtain as much information as possible concerning previous investigations and their results.

The Deputy Chairman: Order.

Mr. Dumas: Mr. Chairman, I require only two or three minutes in order to conclude.

The Deputy Chairman: If the committee consents the hon. member may continue.

Some hon. Members: Agreed.

Mr. Dumas: The idea I would like to leave with the experts in the mines branch is this. There must be ways of using gold for industrial purposes other than for tooth fillings and jewellery. This idea is not new, but I wish to bring it to light again and maybe something will come out of it. In the past the mines branch has done excellently in helping the gold mines with their problems; maybe this time it can find some new outlets for the metal.

[Mr. Dumas.]

In closing my remarks I wish to say that we recognize that the Department of Mines and Technical Surveys is doing immensely well in its endeavour to keep abreast of the varied requirements of the industry for its services. However, I am sure that in the near future the different branches of the department will need more personnel, and it is not an exaggeration to foresee the necessity of a much greater number of field parties for summer operations. All this will necessitate an increased budget, and I hope it will be granted so we will never be lagging behind in the development of our natural resources.

The Deputy Chairman: Order. It is six o'clock. I have been given to understand that by arrangement it is desired to report progress for the purpose of reverting to motions. Is it agreed that I report progress and ask leave to sit again later this day?

Some hon. Members: Agreed.

Progress reported.

BUSINESS OF THE HOUSE

MORNING SITTINGS ON AND AFTER MONDAY, JULY 16

Hon. W. E. Harris (Minister of Finance): Mr. Speaker, if I may have permission to revert to motions I would move:

That on Monday, July 16, 1956, and on every sitting day thereafter until the end of this session, the house shall meet at eleven o'clock, a.m., and that the provisions of standing order 2 be suspended in relation thereto.

Motion agreed to.

SUPPLY

The house in committee of supply, Mr. Applewhaite in the chair.

DEPARTMENT OF MINES AND TECHNICAL SURVEYS

A—Department—
Administration services—
209. Departmental administration, $510,190.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Mr. Michener: Although the minister has made a comprehensive statement, there are one or two suggestions and questions I should like to address to him. We have had a reasonably full discussion of the problems of the gold mining industry and they have been disposed of for this session, and I shall not say any more on that score. There are one or two aspects of mining taxation to which

I think the minister might give some thought with a view to a conference with the Minister of Finance in the general interests of the best use of taxation to encourage mining.

The immense growth in the value of Canada's metal mine production, from $42 million in 1907 to $763 million in 1954, has not come about simply because there was ore available. We have had provisions in our fiscal arrangements for realistic depletion allowances, non-taxation of capital gains—though that seems to have got into an area of uncertainty—freedom from income tax for the first three years of a new mine's production, and important permissible deductions from taxable income of expenditure made for mining exploration and development.

There are aspects of these last two which I should like to mention. The three-year tax-free period to permit a mine to recover some of the capital costs of constructing its mill and installing its mining plant, under the present legislation, is a continuous period. I am not sure whether such instances have arisen, but one has come to my attention which might well arise, where through no fault of the management of the mine the three-year period has begun to run and production has been interrupted. It might be interrupted for a number of causes beyond the control of the operators—acts of God and the King's enemies, as they are usually described—such as unusual storms or prolonged strikes. A variety of things could interrupt the intended benefits of the three-year period for a very considerable time, to the detriment of the mine, and the mine would lose the opportunity to recover the capital costs which this tax-free period was intended to permit it to recover.

I suggest to the minister that he consider with the Minister of Finance the desirability of giving the Department of National Revenue authority to permit the suspension of the running of the period in those cases so the benefit is not lost. That is not an important or far-reaching matter, but it seems to me that it would be a desirable precaution against that contingency. In the Income Tax Act, which this house has under consideration, there is a provision, and I shall use the words, if I may, of the Ontario mining association in describing this problem—

Section 21, subsection 4 of the bill . . .

That is Bill No. 418.

. . . sets up a new subsection (8a) which provides that where an oil or mining corporation acquires the property of an oil corporation, it may deduct the undistributed exploration expense incurred by the predecessor corporation. This simply permits the said oil or mining corporation to adopt the same practice with respect to deferred items of this kind in the predecessor company as it follows with respect to its own current development expenses.

The anomaly existing is that while the mining company is empowered to do this with respect to a predecessor oil company which it may acquire, it is not authorized to take similar action in the event that it acquires a predecessor mining company.

Mr. Harris: I wonder whether we could divert the discussion to myself. I think it is well known to my hon. friend, and if it is not I say it now, that we intend to amend the act to provide for what he is now saying.

Mr. Michener: I am glad to have that information.

Mr. Harris: I should say that I gave a copy of the amendment to a representative of his party the other day.

Mr. Michener: I am glad to hear that mining companies will be assimilated in all respects to oil companies by that amendment.

The geological survey is, of course, a great implement of assistance to the mining industry. In our federal system we have both the federal department of mines and the provincial departments of mines carrying on surveys. I should be glad if the minister would indicate how far there is liaison and co-operation between the federal mines department and the provincial departments, to bring about an integration of the work of the two levels of government. I expect that it is done, but I would be interested to know how close that co-operation is.

Another question which interests me is one that may perhaps be difficult to answer, but I am concerned to know how far we have got with these great surveys. They have been going on for a number of years. Each year parties go into the field, come back and make their reports, and gradually the possible mineral areas are being covered. Could the minister give us an indication of the proportion of the favourable area of Canada that has not yet been the subject of geological survey of the kind that he regards as satisfactory for the areas needing survey?

A further question relates to the use of the information which results from these surveys. These reports and maps and the findings of the geological parties which go out through Canada are of great value. They give direction and lead to prospectors, mining companies and others interested in the development of our mineral resources. It is, of course, of the utmost importance that the information should be made available generally to all at the same time so there is no possibility of advance information or

favouritism in the publication of this information. I should like the minister, if he would, to outline to the committee the method that is followed to assure that this valuable information resulting from public surveys is made available to all at the same time.

Having posed those questions, I shall break off here to give the minister an opportunity to deal with them.

Mr. Gillis: I know it has been customary for the minister to keep his discussion of the coal industry until we have reached that item, but now that he has permitted some discussion on this item I think it is only logical that we should follow through with it. I understand that the chairman of the coal board is away attending a conference at the present time, and it is rather uncertain when he will get back. As far as I am concerned, I am particularly interested in the problem of coal, and under the present circumstances I think it requires discussion at this time.

I too should like to say that since the present minister has taken over the department there has been more order and sanity in its administration. I remember when it was just an orphan, and any discussions we had in the house were rather uncertain and very ambiguous. The minister has done a good job in preparing his reports. At least it is quite clear what the department is doing section by section, and while it is not going ahead as fast in some respects as we would like, nevertheless it is moving forward and not backward.

I listened to the hon. member for Bow River. The subject of coal is not a new one to him or me, because we have been discussing it for a long time in the house. I think his observations with respect to the importation of United States coal are timely, and that is perhaps the crux of our whole problem. But I should like to point out that there should not be any difficulty as far as the government is concerned in carrying out what he suggested, namely the placing of an embargo on a certain amount of United States coal coming into this country and zoning markets so there would be markets for coal produced in Canada. Such action should be taken because of the very heavy imports from the United States.

The largest single import into this country measured in terms of dollars is coal. It is the largest single item in our whole import list. As the hon. member for Bow River said, we import 4,700,000 tons more than we produce. Why I say it should not be difficult for the government to arrange what he suggested is that more than half of that 4,700,000 tons is imported by the Canadian National Railways, a government-owned organization. It should not be difficult to come to some understanding with Canadian National Railways on the marketing of Canadian coal at least between Ontario and the maritimes.

I have taken the matter up a good many times with the president of the C.N.R. in the committee on railways and shipping, and of course his answer always is that Canadian coal must be made competitive. They accept no social responsibility at all for communities across the country, and neither do the companies that mine the coal. They accept no social responsibility for the communities where they are exploiting the raw material. Until such time as governments take action to bring to their attention the fact that they have some social responsibility to the communities they are exploiting, the situation will go on as it is, as long as it is measured in terms of dollars and cents and figures on the right side of the ledger.

May I say here that I do not hold the federal government entirely responsible, because they have very little control over the coal mining industry of this country. In the first place, the provincial governments grant the leases. They are the custodians of the raw materials of the provinces, and they hold them in trust for the people of the provinces. When they farm them out to large companies and give them leases in perpetuity the first responsibility rests with the provincial governments and the companies that hold the leases. The federal government's only prerogative is the granting of subventions, subsidies and drawbacks, and the coal board will also assist in marketing in so far as they have the power to do so. Under the British North America Act the Department of Mines and Technical Surveys and the dominion coal board are going as far as they are permitted to go, unless the provinces change their minds and there is a change of heart on the part of the operating companies. Until we get legislation placing some power in the hands of the federal government the thing will go along as it is.

The hon. member for Bow River also spoke about the coal-burning gas turbine engine being experimented with at McGill. He stated that the members who went down to see the project some four or five years ago were very enthusiastic about it. I want to remind him that I was one of the members who visited the project at that time and, as the minister knows, I was not enthusiastic about it. It was being held up at that time as the great solution so far as the future of the coal mining industry was concerned,

and the newspapers were full of it. But after I visited there my conclusion was that if it ever worked it was at least ten years away from any commercial value. That is five years ago and it is still in the experimental stage.

The assumption is that the turbine engine is interchangeable with the present diesel engines recently adopted by the Canadian National Railways. That is not true, because in order to instal the turbine engine in a locomotive a special locomotive will have to be built for it, and having in mind the huge investment in diesels made by the C.N.R. in the last few years they are not going to write off that investment in the foreseeable future.

I think it is well to dispel these illusions that are thrown out from time to time to keep people guessing and wondering for a year or two while at the same time there is a rapid decline in the industry. I do not think it does any good, and I think the department is fully aware of that fact.

In that regard I should like to refer to page 90 of the 1955 departmental report. What they say is not very encouraging, but at the same time they are not trying to fool anybody. The report has this to say:

> This equipment, which is installed at the gas dynamics laboratory of McGill University at Ste. Anne de Bellevue, was operated for about 300 hours during the year. Some difficulties were experienced with slag formation and corrosion of the tubes in the hot heat exchangers. The causes of these troubles and methods for their prevention are being investigated.

That is just about where it was five years ago. The phrase used there indicating that it was operated for about 300 hours might give the impression that it was installed as an engine and had operated for that number of hours. Actually it is just sitting there on a frame and the engine has been operated. The difficulty is and has been to find a cooling system that will take away the heat from the gas and not burn off the blades of the engine. That has been the difficulty and I think it still is the difficulty. If the engine is ever perfected I think it might be a good marine engine or a good engine for the generation of thermal power in small electric plants, but I cannot see Canadian National Railways writing off their huge investment in diesels within the foreseeable future and building new locomotives to instal that type of engine.

The reason I am saying this is that for too long there has been too much of this kind of thing thrown out to people, and it is merely an illusion and raises false hopes. I believe we should be frank and realistic at this time with the people in an industry such as the coal mining industry. As the minister knows, at this time one has to be careful in discussing coal, particularly in my end of the country. As the minister also knows, the mine workers have been conducting negotiations with the operating company for several months. They had a conciliation board, and the conciliation board decided that no wage increases or changes in conditions were warranted at this time because of the financial position of the coal company. A vote was taken on that proposal and the miners rejected it by about three to one. Now they are going to hold a convention for the purpose of determining where they go from there.

I do not want to get involved in any of the internal problems, but I would say this. The miners have worked hard and have co-operated fully. They have subsidized to a large extent that coal operation in Nova Scotia. They have not had any adjustment in wages or conditions since 1952. At the same time alongside of them, within 13 miles, is the steel plant owned by the same corporation they work for; and in that steel plant there has been a continuous adjustment upward in wages, working conditions, fringe benefits and additional holidays. To those 7,000 or 8,000 men who always led in the wage field in that province it is a rather tough proposition to see every other industry stepping up ahead of them while they continue to accept the same conditions and wages that prevailed back in 1952.

What the outcome of their negotiations is going to be one cannot say at this time. But there is something the minister's department can do in co-operation with the Department of Transport. It is rather difficult to pinpoint any particular problem, especially an economic one, as that of any one department because they spill over from one into the other. The recent 7 per cent interim increase in freight rates which has just been authorized by the board of transport commissioners has added a problem to those of the department of the Minister of Mines and Technical Surveys, in that it adds 12 cents a ton to the cost of the movement of coal from Nova Scotia to the points at which it is marketed. Some is marketed in Ontario but it is mostly marketed in Quebec. That increase of 12 cents a ton together with the other 7 per cent or 7½ per cent increase when it goes into operation some time this fall will bring the increase up to about 24 cents a ton. That adds to the burden.

In the past, when an increase in freight rates was made, it was the practice of the coal board to revise the subvention schedule so as to absorb the additional freight-rate cost and maintain the same balance in the freight

rates for the movement of coal. A few days ago I asked the Minister of Mines and Technical Surveys whether it was the intention to follow the practice of the past and absorb into the subvention this 12 cents a ton additional freight rate for the movement of Nova Scotia coal. The minister's answer at that time was, of course, that no consideration had been given to that matter at that time. Before we conclude consideration of his estimates I hope the minister will tell us whether the matter has been further considered, and whether the practice of the past is to be carried out.

As I said a moment ago, if one follows the press on this question of the future of coal and the economic feasibility of natural gas and other fuels, one is left in a rather confused state of mind. When you pick up one press clipping you find that it says, "Golden year for coal is seen". This is from the United States, where they are stepping up production and they figure there is a bright future for coal. Then you pick up an editorial and read, "Coal comes back", and so on. That sounds rather nice except to the coal miners, who cannot see it coming back as far as their wages and conditions are concerned.

Then recently the president of the coal company in his annual report to the board of directors—they held the meeting in Nova Scotia this time, for the first time in the history of the corporation—stated as follows:

> . . . the impact upon the coal mining industry in Nova Scotia of the St. Lawrence seaway and the trans-Canada pipe line is "somewhat difficult to appraise and foresee". He added, however, that "neither one of these projects appeared to offer other than somewhat alarming possibilities of increased competition in our upper Canadian markets".

And so on. Then he offers as a solution mechanization, lower costs and greater production. I have heard that story a good many times during my lifetime; sweat it out of the hides of the workers; take it from the consumer; we take no responsibility except you get down and dig. In another editorial—and this is from the old country—they finish up by saying this:

> Thus oil which now accounts for about 38 per cent of the free world's energy supplies, will soon displace coal from the dominant position it has hitherto held.

We have one press statement against the other. One expert says coal is on the way out. The other fellow says there is a golden future for it. The president of the big operating coal company says sweat it out of their hides and get the figures on the right side of the balance sheet. As I said before, until we get a realization of responsibility on the part of those who are fortunate in having huge leases granted by provincial governments that prevent anyone else from operating—and provincial governments grant charters to enable them to amalgamate five or six companies in one; squeeze the small shareholders out; establish remote control at Mount Royal; draw big salaries and pay taxes in Quebec; siphon the wealth off from that part of the country—until we bring these people to the realization that they have some social responsibility in the communities where they work on the natural resources, we are going to continue this thing of ghost towns everywhere we are working in a wasting industry such as mining; whether it is coal, gold or metal of any kind, it is a wasting resource.

I was encouraged by this press report recently from the Halifax *Chronicle-Herald.* I think it is the first realistic step that has been taken for a long time. It is headed "To make special study of coal industry in N.S." and it reads in part as follows:

> The Gordon royal commission on Canada's economic prospects will make a "special study" of the Nova Scotia coal industry, the Halifax *Chronicle-Herald* was informed Tuesday by a top official of district 26, united mine workers of America.
>
> A union statement said the Gordon commission has ordered that "a special study be conducted into all aspects of the Nova Scotia coal industry".
>
> The Montreal firm of Urwick, Currie Ltd. "has been engaged by the commission to further investigate the industry and report to the Gordon commission".

This is encouraging. The only thing I have to say on that point is this, Mr. Chairman. If that examination is made, I hope the people who make it are competent, are free from pressure and will call the shots across the board as they see them. I hope they will not do as previous commissions have done. I hope they will not just compile a rehash of briefs that I read 30 years ago and call it a report and an examination of that industry at this time.

Mr. Forsyth indicated he was fearful of what the St. Lawrence seaway and natural gas were going to do to the coal industry, when and if that pipe line reaches Quebec city. Six years ago I was a member of the committee that made the first examination of the application of Trans-Canada Pipe Lines to build that famous line. At that time all those who appeared before the committee were from the United States, the engineers and the people who made the surveys. The Lehman banking people from New York were going to finance it, and they appeared before that committee.

I asked these witnesses what they calculated natural gas in Montreal and Quebec would do to the coal industry of Nova Scotia, which was the main economic base of that province. Well, they said they did not know.

I said, was any survey made east of Montreal? No, no survey was made. Were there any representations from the operating coal companies? There were no representations from anyone. This was just the forgotten area. They wrote Canada off at Quebec city.

As the minister knows, they were good enough to hear the only witness we could get with any information on the subject, the chairman of the dominion coal board. He came and gave evidence. He admitted that gas and oil had pretty well cleaned up the coal industry of Alberta, but that province was fortunate in that these other industries replaced the coal industry. We do not have that. What is going to happen when gas reaches Quebec and Montreal? We do not know. It is a hypothetical question.

This was six years ago and the line has not been completed yet, so we have had a lease on life. I talked with one of these witnesses afterwards, and I asked him by how much they could undersell coal. He said they could take the market from coal in any industry except the basic steel industry. He said they could take it from coal in the domestic field, that they could undersell coal by at least $1.50 per ton, measuring it in B.T.U.'s. He said, "If we did not figure we would get that market in Montreal and Quebec we would not be going down there." That is logical; they require that market.

I have always questioned in my mind the economic wisdom of taking gas from Alberta to Quebec and Montreal. I do not think that is going to be cheap fuel for that area. I do not think it is a good development, because you have approximately half of Canada's total productive capacity concentrated in that area and you are harnessing industry and domestic heating to a long pipe line going straight across the country, which would be extremely vulnerable. If you changed over your equipment it would take a long time to change back if something happened to that pipe line. Then there is the question of supply. While geologists and oil men may make guesses as to how long the oil is going to last, I think you can be more certain about solid fuels. I am not so sure you can be certain about either oil or gas.

I have a brief in my hand prepared by the solid fuels research institute. These people should know something about the subject. Of course, they have a motive in trying to retain solid fuels, but at the same time it is a rather responsible body. On page 1 of the brief they say:

> A study of newspaper clippings on many American centres will show a record of frequent failure of supply, of low pressures, forced cut-offs and rising prices. For many communities depending on natural gas, these have been disturbing factors.

This brief points up this question in quite a realistic way. They go on and say, on page 2:

> A stable coal industry is recognized as a necessity. The economic flow of solid fuel for Ontario and western Quebec region is from an area within a radius of 500 miles.

They are talking about United States coal.

> Many questions have been raised as to the economic soundness of a 2,000 mile pipe line.

That has always stuck in my mind, too. I would question the wisdom, in a time of rumours of war, threats of war and the possibility of the hydrogen bomb, of harnessing the industrial section of Quebec to a pipe line that is over 2,000 miles long and is certainly vulnerable to sabotage. As I said before, if you change your heating facilities and something happens to that line, then you are in quite a spot.

Personally I do not think the operating coal companies in Nova Scotia particularly, are pulling their share of the load. Right in my own area they closed down three fairly large mines since the mechanization program went into effect. So far the results of the mechanization program have confirmed all the doubts I had as to its value in stepping up production and cheapening costs in these old submarine mines. It has not been very successful to date, and it has had a fairly good test period. Whether or not the companies are trying to find markets for coal or whether they are producing coal to fill the markets, I am rather doubtful. Just a few days ago I received a telegram from Toronto which reads:

> We may need 50 tons per day of pulverized coal for a project at Bancroft, Ontario. Would like to use Cape Breton coal. Where do I inquire for established prices f.o.b. destination. Please wire or phone collect.

I telephoned this man and he told me that the 50 tons would perhaps be stepped up, and it would be a continuing order. Well, 50 tons a day is a fairly substantial order, but he could not find anyone in the province of Ontario through whom he could place an order or get quotations. They are certainly not trying to sell coal in Ontario. This man told me that the reason he wanted coal was that he had been using oil and had found it expensive. He wanted to get out of it.

When you talk about coal being competitive with oil, that is a pretty good example. Here is a man who is using oil, and he wants to get out of it and go back to pulverized coal. If these people are trying to sell coal why is there not an agent in that area? At least if you are trying to sell neckties or shoes or aluminum ware, there is an agent going

around offering it to you. There is a possibility that there is that kind of business running around Ontario if they wished to go after it.

Perhaps these companies are too busy marketing United States coal. Dominion Coal has a wholly-owned subsidiary in Montreal, the Dominion Import Company, and perhaps they are too busy doing that. That is something I hope the Gordon commission will go into quite thoroughly.

I think the federal government in so far as they can under the circumstances, have done a reasonable job in assisting the industry by way of subventions, subsidies, drawbacks and rebates under the Maritime Freight Rates Act. If you look at the assistance these people have received and then look at their balance sheets you will find they would not be in business at all if it were not for the help they get from the federal government. But they take this position. We want your help but we are free enterprisers; you have nothing to say about where we spend your money or how we invest it or whether we market the coal or whether we do not market the coal; that is our business and it is none of your business. According to the figures I have of the assistance they get from the balance sheets they put out, if public support were withdrawn from them they would be insolvent.

I have a quarrel with them on another score. At a convention in Toronto the Prime Minister said that when the maritimes took the initiative and began to make plans to do things for themselves the federal government would help. Well, since that time they have been doing something. The Atlantic economic council is doing an excellent job probing the possibilities of intermarketing among the four maritime provinces, what they can produce here and what they can market there. Some little industries have been established; not big ones, but it is something. They are doing something.

The four premiers of the Atlantic provinces are meeting in Fredericton to ascertain what can be done further. Well, what is the answer? What can be done to bolster a waning coal industry? The answer is subsidiary industries. A few days ago the president of Dosco made the statement that they were establishing two new fabricating plants this year. I was very sorry to learn they were not going to be established in Nova Scotia; they were going to be established in Quebec. That man was a member of the Atlantic economic council. That is the kind of industry that is required in the maritimes to bolster the economy if coal is in the shaky position that is indicated at this time, and if those people are interested in those communities where they are working on the raw materials, because those fabricating plants in Quebec are going to be supplied with the raw material from Sydney, from the basic steel plant where they have the iron ore, the coal, the limestone and all the ingredients that will go into the steel that will be fabricated there. It will all come from that area. Why could not at least one of those plants be established there if those people had any social responsibility, because that is the base of their whole empire? The raw materials will be taken from that area.

Of course when they turn out that raw steel they will get a subvention—

The Chairman: Order. I am sorry to interrupt the hon. member, but I am obliged to inform him that his time has expired.

Mr. Gillis: You just spoiled a great speech.

Mr. Hansell: Mr. Chairman, while you may have spoiled a great speech I am not going to be so bold as to say that you are about to listen to one. However, I do wish to follow the same line that my hon. friend has followed and the same line that my colleague the hon. member for Bow River followed this afternoon. But I am going to make my remarks apply particularly to my own constituency, because I did have what at one time was regarded as a fairly large coal mining industry in the Crowsnest pass area.

I do not think I need to emphasize, any more than previous speakers have emphasized, the fact that the coal mining industry throughout Canada at large is in a very depressed condition. I do not think I go too far when I say that the coal mining industry of the Crowsnest pass is perhaps worse off than any other area because it has been dependent upon certain particular markets which have almost completely disappeared. This is largely due, as the hon. member for Bow River said, to the fact that over the years the government of Canada has not adopted a national coal policy which would keep the coal mining industry of Canada in a healthy condition.

We have had several commissions study this very subject. They have travelled from coast to coast, and a great many hundreds of thousands of dollars have been spent over the years in studying the coal mining industry. No end of recommendations have been made from time to time, but the government has not in the past arrived at any very definite over-all national coal policy. Therefore I say we must blame the government to some extent for the condition in which the coal mining industry finds itself.

In the Crowsnest pass area it will not be long until there is no coal mining industry at all to speak of. We have communities there that once upon a time were and are now dependent upon the coal mining industry. One town had a population of 4,000 people; another coal mining town had a population of 3,000 people, and there were quite a number of other smaller towns with populations of 200, 300 and 600 people. Now these communities are fast becoming what might be known as ghost towns because they have not been able to dispose of their coal, owing to a lack of markets in years past and in recent times, of course, the introduction of the diesel engines which run our trains. Those mines used to supply the railroads with coal for their engines.

I am not going to blame the present minister for the situation as it exists there. I do blame the government for having no over-all coal policy throughout the years. In my constituency the depressed condition is largely owing to the introduction of the diesel engine, and I cannot blame the minister for that. Therefore I am not laying that blame at his doorstep. These are things we cannot help. We live in an age of progress, when one thing replaces another. When that happens, of course, some industry is going to have to pay the price, some industry is going to fail unless it is able to take up the slack and go into something else. This is impossible for the coal mining industry. When the coal mining industry fails, it fails and it cannot do anything else to keep itself going.

I notice that at page 87 of the minister's annual report he tells us something of the responsibilities and the work of his particular department. I am just wondering how much actual value this might be in the light of the fact that coal is being used less and less throughout Canada on account of the government's failure in the past to adopt a long-term, over-all national coal policy. At page 87 I read, under "Fuels division:"

> The major objective of the division is investigation of improvement of methods in producing and utilizing Canada's fuel resources. To do this, research in coal has been directed toward (a) study of stress phenomena in mining (b) improvement in preparation techniques and (c) study of problems relating to combustion and power.

Well, now, that is all very well and all very good, but I wonder what it amounts to if in the end the coal mining industry cannot sell its coal. That is the thing that to me is a bit baffling. I recognize there must be something of value in this type of research, but in the light of the fact that other fuels are displacing coal I am just wondering whether it is all worth it.

At page 89 under the paragraph entitled "Physical and Chemical Survey of Canadian Coals", I find the following:

> This work is part of the study of the basic properties and characteristics of Canadian coals including their suitability to cleaning. Large scale samples from five mines in Nova Scotia and one mine in Alberta were examined and reports were issued for use of the interested parties.

A further paragraph reads:

> Commercial coal surveys.
>
> This survey was done in co-operation with the dominion coal board and the provincial mines departments to obtain information on the quality of coal offered for sale by the coal operators. It is part of the general survey of Canadian commercial coals to obtain data for the analysis directory of Canadian coals issued by the mines branch.

Well, now, that is all right; so far, so good. But what does it all amount to when there are no markets for the coal? I shall read just one more paragraph:

> Coal Beneficiation.
>
> Investigations were continued on the problem of finding uses for the finer sizes of western Canadian bituminous coals which are particularly friable. Considerable attention was paid to the evaluation of factors influencing the production of briquettes to meet market requirements. A nozzle for the improved dispersal of asphaltic binder used in briquetting was developed and tested in commercial plants in western Canada, and the results were encouraging and further experimental work is continuing.

All of that is good; it looks nice in print; I suppose it gives a lot of people a bit of a job to do and helps them to fiddle around, and I also suppose the net result of the research as far as information is concerned is very valuable. However, of what value is it if you cannot dispose of your coal and find markets for it after all the studies have been carried on? As far as the Crowsnest pass area is concerned, people there cannot find markets for their coal. The same thing was said by the hon. member for Bow River in giving the over-all picture, and he has an extensive coal mining industry in his area. The hon. member for Cape Breton South, who has a large coal mining area in his constituency, made a similar complaint; if there are no markets, then the coal mining industry is going backward.

I come now to the report of the dominion coal board, and on page 10 I find something of interest. The hon. member for Bow River put much of this paragraph on the record, and I shall read just three lines:

> The Alberta and British Columbia fields, more especially the former, have suffered most of the aforenoted reduction in Canadian coal output. The present prospects for this segment of the industry are bleak.

That is not very encouraging, is it? I must repeat that I am not blaming the minister for the particular situation which

exists in my own area, but I am going to say this to him. He must not run around indicating that the industry is becoming any healthier. Actually I do not suppose he does that altogether; perhaps he just states the facts, but he has to state them more clearly than he has in the past. He must not scurry about trying to encourage the coal mining industry to think that hope exists somewhere or other. Unless he can say there is an immediate hope, then he is just leaving a false impression. I suggest to him that he should tell the truth and seek the co-operation of the coal mining industry for some other purpose. If he cannot find markets, if the coal mining industry cannot get rid of the coal, then those who are employed in the coal mining industry should be told about it and assisted in some fashion or other to rehabilitate themselves.

Some work in rehabilitating coal miners has been carried on in the Crowsnest pass area by the Alberta government, and the government has met with some considerable success. A year or so ago the government of Alberta appropriated some $100,000 to help rehabilitate the coal miners. The government did not go out and say, "Now, how many of you want to move? Tell us where you want to move and we will finance you." The government did not do that at all. Instead, it sought the co-operation of the industry, the coal miners' union and the national employment office. The latter is, of course, a branch of this dominion government, and I will give it credit for doing a marvellous job in co-operating in this instance.

I sent to Alberta for a report of the work of this committee that was set up for the rehabilitation of these men, and I received it promptly. I would like to quote a couple of paragraphs from the covering letter, which was written by the minister of industries and labour of the province of Alberta. He comments on the report of this committee and says:

> The interesting aspect of the work of this committee was that it did not require a great deal of money to make it effective. The committee was a good one, consisting of personnel familiar with displacement problems and generally interested in rehabilitation work. The over-all attitude was one of helping the displaced coal miner to help himself, with certain costs that would have been a burden if carried by the miner himself, being drawn from the limited funds apportioned for the purpose. The miners, their union and the committee co-operated excellently in accomplishing the remarkable results shown.
>
> The success of the venture proves what can be accomplished when the chips are down and the very future of a large number of working people is at stake. The human interest element tends to revive one's faith in human nature and restore confidence that people generally have not adopted the attitude that they will not assume risks and responsibility without first securing complete public assurance in advance that their welfare is assured.

Those two paragraphs from the minister's letter tell a great deal and are worth pondering. I believe it would pay the Minister of Mines and Technical Surveys to work in co-operation with the Minister of Labour in reviewing the situation. If they wished they could set up a committee; it could even be a parliamentary committee, which might be a good idea. It also might be an interdepartmental committee, with members of a miners' union and members of the coal mining industry, if they wish. Some body should be set up to investigate whether or not it is possible to rehabilitate the coal mining industry, with special emphasis on the rehabilitation of the coal miner who is in a very bad way because after all, as the hon. member for Bow River said, you cannot train a coal miner overnight. You cannot go out on the street and say to an individual, "I will give you a job digging coal". These are specially trained men; mining is a life work. These men go in the mines when they are young and they stay there and put their whole life into their work. If at middle age or later they find themselves unemployed by reason of depressed conditions in the coal mines they are in need of rehabilitation, because they are on in years and there is little else they can do. It is very bad for them.

In this report of the Alberta government's committee on rehabilitation it states that in one year alone the total placements were 384 families who were moved with their effects. In another year 325 families were moved into other areas, where they were rehabilitated and found other employment. I shall read one paragraph of the report:

> In carrying out its work, the miners' rehabilitation committee wishes to express its appreciation for the valuable assistance rendered by the national employment service and the united mine workers of America, district 18.

Well, $100,000 was appropriated for this purpose. It was found that it was not necessary to spend all the money, because they received such excellent co-operation from these bodies. I shall not say anything more. This must be about the twentieth or twenty-first annual speech I have made on coal. Perhaps they have not been very effective; otherwise something would have been done by this time. But this is the twenty-first year I have been sitting here, and I do not think I have let a year go by without dinning into the ears of the government the need for a national coal policy and trying to do what I can for the coal mining industry of my own constituency and of Canada generally.

It seems that in this particular session the situation is graver than it ever was before. I can only suggest this to the minister. We live in an age of progress. We are building a pipe line that is going to take the place of a great deal of coal in eastern Canada, in the provinces of Ontario and Quebec. As I said on a previous occasion, who knows but that it will not be very many years until atomic energy will displace that again? That is the way it goes. Millions and millions of tons of coal are lying in the ground. Perhaps it will continue to lie in the ground until this earth is destroyed and eventually becomes recreated in so many millions of years, with a new race of people who will have to start all over again and commence digging coal. Perhaps that will be the situation.

I shall not say any more, but I wish the minister would tell the coal mining industry exactly what the score is and then take steps to remedy that situation.

Mrs. Shipley: Earlier this day my colleague and neighbour, the hon. member for Villeneuve, had some very kind words to say about the Minister of Mines and Technical Surveys and his staff. The hon. member for Villeneuve comes from Quebec and I come from Ontario. It is true that our ridings abut, but our problems are identical, as I am sure are those of other ridings where gold mines or coal mines exist. But I am not going to take the time of the house to reiterate the thanks to the department expressed by the hon. member for Villeneuve.

Earlier today the hon. member for Bow River spoke of the plight of coal miners. When hon. members speak in this house about coal miners and gold miners, the two words sound so much alike that I have to stretch my ears to make sure which they are talking about, because our problems are almost identical. My hon. friend chose to emphasize the comparison of the subsidy to coal mines with that to gold mines. He mentioned the equivalent of the subsidy in protective tariffs to other industries, but in my opinion we would both be well advised if we compared the subsidies that either one of us receives to those received by the farmers, particularly in western Canada; or the protective tariffs, which are nothing else than subsidies, to the industries in Canada rather than to either his problem or mine. After all, consider these tariffs. For instance, take the electrical industry and the automobile industry. He and I could play tiddley-winks with our subsidies when compared with either of those industries. Every cent of those subsidies is paid by the same taxpayers. They are trying to help him out and they are trying to help me out and all others in the same plight.

Furthermore, it would appear to me and I am sure, to every hon. member in this house who has either coal or gold in his riding, that because it is an actual resource of this country and because both have played a great part in the economy of this country and may well do so again—let us pray that they may—we are more entitled to consideration than perhaps a manufacturing industry that is competing with something from another country that can be sold cheaper here.

I hope my hon. friends over here and I can get together on this. We are really not far apart, but perhaps we are not assisting each other quite as much as we might when we compare the help we receive. We are both representing natural industries of this country. I know that the coal in certain parts of the country, and in fact most parts of the country, is not needed very much in industry today. Our gold used to be the most desired natural resource in the whole wide world, but the nations chose to go off the gold standard. Certain things came to pass that made your coal not so valuable for industry. I shall support anything such as a royal commission as suggested by the hon. member for Bow River and others, so that we may find some use for your coal, and I hope my gold will finally attain its former value once again.

Mention was made of the gas pipe line coming in, which will perhaps lessen your market. I do not think the type of coal that comes from Nova Scotia and, to a lesser degree from Alberta is presently used where gas would be used. But it is the same thing with my gold as it is with your coal. This is something we have to face. From my many discussions with the minister whose estimates are now under consideration, I know that the coal problem is one of the main things he considers. When I go to him with my problems he says, "I have just stopped thinking about coal and now I have to think about gold." I do not envy him his position.

I am sorry the hon. member for St. Paul's is not here. I have known the hon. member for many years. He mentioned the surveys that are being made by this department.

Mr. Prudham: He is at a committee meeting.

Mrs. Shipley: Thank you, Mr. Minister. I was not drawing attention to the fact that he was not in his seat; that was not my intention. That is done all too often in the house in perhaps not too kindly a manner. I have known the hon. member for many

years. I was going to be slightly critical of him, and I prefer to be critical to a man's face rather than behind his back. That was the only reason I mentioned that. I am glad the minister said that, because I certainly did not mean to draw attention to it.

The hon. member referred to the many surveys being made by the department. I shall read what the hon. member said tomorrow and if I am wrong in my present understanding I will be glad to apologize. He asked the minister to make it very clear just how the information resulting from these completed surveys was distributed, and I had the definite impression that there was an implication that there was favouritism. I was rather surprised at that comment by the hon. member. I had an experience which I am sure you will all be glad to hear about and I am going to ask the minister if there is enough money in his budget to make certain that this is a common practice where need is proven.

Let me start at the beginning. I had requests from the most important people in my riding, and for those who do not come from mining ridings may I say that the most important people in my riding are the prospectors. They wanted copies of aerial magnetic maps that had been made of the surrounding area and they had never been prepared by the department, where you can get such maps for very little money, next to nothing. I got in touch with the department and they told me that these maps had already been prepared by a private company. They also said that because there was a limited amount of money to spend on making such maps, which are found so valuable by prospectors, they made it a general practice not to duplicate areas that had been done by private companies.

These prospectors in my riding could not afford to buy the maps from the private company even if they would release them. It was suggested by one of the minister's officials that possibly they might be able to obtain the maps, the negatives or whatever you call them, from the private company and make the maps available to the prospectors. After a year or so this was accomplished. As far as favouritism is concerned, the information was finally completed on a Friday and was sent to the newspapers in the area concerned and to me at the same time. I got it on Monday morning but along with the letter from the department notifying me that it had been done I had wires from many prospectors and mining companies in the area thanking me and asking me to thank the minister for getting this done. I hope there is enough money in the department's estimates to obtain this information, which is very costly to prepare, from private companies and make it available to the prospectors and the mining companies generally.

There is one other matter I should like to ask the minister to investigate. Members of parliament get free copies of statistics, pamphlets and other information from the Department of Mines and Technical Surveys. Every member of parliament gets them and probably 20 per cent at most are keenly interested in them. I received the pamphlet referred to this afternoon by my colleague the hon. member for Villeneuve; and when I did I thought, my word, how the people in my home town would like to see that. I went around to three or four members who are not very interested in it, got extra copies and sent them to my home town library. I had a letter back a little while afterward saying that even the topmost thriller in the library had not had as much circulation as these pamphlets.

I should like to make a suggestion to the minister, and in doing so I suggest that the matter should be at his discretion. From time to time we are criticized for our printing bills, and I think it might not be wise to send out such pamphlets to all public libraries in Canada. However, I suggest that the minister should have enough copies of these and other information available so that on the request of a member or any other responsible person and at the minister's discretion—"discretion" only means that he is sure some reasonable use will be made of the information—certain libraries may be put on the mailing list for all publications of his department that might be of interest to those in the area. I lent my copy and I had to go and scrounge another in order to have one. As you know, in my riding we are entirely dependent on mining, and I do know that the pamphlets and other information issued by this department that I have sent to my riding have been invaluable. I hope the minister will see if that can be done. Perhaps he would not have to put any more money in the budget, and I should like him to say if he would welcome requests from members of the house.

Mr. Simmons: Mr. Chairman, my remarks this evening will differ from those of previous speakers. I was most interested in the remarks of the hon. member for Kootenay West this afternoon, when he dealt with the forgotten expedition into the Arctic in 1903 and 1904 by Commander A. P. Low. It appears strange to me, as I am sure it does to all members of the house, that proper notice was not taken of this historic expedition for many years, in spite of the loss of the proclamation records. I am glad to report,

however, that the Arctic exploration publication of December, 1955 properly deals with this expedition. It is to be hoped that the *Canadian Geographical Journal* will take the opportunity to publish an article correctly describing this famous expedition, the first Canadian expedition into the Arctic.

This afternoon I followed with interest the remarks of the Minister of Mines and Technical Surveys dealing with the activities of his department. The minister and his officials have always been eager and willing to cooperate in all matters pertaining to the mining industry in general. They are to be congratulated on the efficiency of their department and for doing an excellent job.

While I am on my feet I wish to take this occasion to say something about the Canadian Geographical Society and the monthly magazine published under its auspices, namely the *Canadian Geographical Journal.* The Canadian Geographical Society is one of the most public spirited and unselfish organizations in this country. Its ambition is to make Canada better known to Canadians and to the rest of the world. Its chief purpose is to distribute information on the geography, resources and people of this country. To assist in this task, and as its primary object, the society publishes the magazine to which I have referred. The *Canadian Geographical Journal* in my view is one of the very best periodicals issued anywhere in Canada. In a sense it is the eyes of this nation, because through its illustrated and printed pages it enables Canadians and other people to see this country as an entity.

The *Journal* writers take threads or fragments of Canada's history and geography and over the years weave or blend these into a meaningful and informative picture of Canada as a whole, in all its interest and variety. In a word, it serves to present a memorable image of Canada.

The Canadian Geographical Society was founded 27 years ago, in 1929, I believe, to be exact. Its first president was that great friend and native son of the Canadian north, Dr. Charles Camsell, C.M.G. Today its president is another great worker in advancing the best interests of northern Canada and other parts as well. Major General H. A. Young, who is also deputy minister of public works, is president of the society at the present time.

Mr. Herridge: And he is a good president, too.

Mr. Simmons: That is fine. Through good times and bad the society has managed to keep the *Journal* alive and issued regularly. How they do this on the funds available to the society thus far, baffles me. In the United States the corresponding publication has the benefit of very large sums bequeathed by wealthy, public spirited citizens. In Canada there is nothing resembling this type of large-scale financial assistance for a geographical publication. Nevertheless the articles in the *Canadian Geographical Journal* are of a high calibre and its pages are always handsomely illustrated, sometimes in several colours. Colour printing is a particularly expensive process, however, and I imagine it is a special luxury at present for the *Journal.*

The success thus far of this Canadian magazine is due in large measure, I believe, to a dedicated board of directors, a wise editorial committee and a very able executive secretary and editor of publications in the person of Gordon M. Dallyn. Incidentally, all directors and committee members serve without remuneration.

The society does much more than publish its worthy journal. It sponsors public lectures and awards scholarships as well as granting financial aid to exploration projects and other research. Its sponsored lectures have been given by such men as Sir Hubert Wilkins, General McNaughton, Dr. MacKintosh Bell, Edward Shackleton and Gordon Robertson, deputy minister of northern affairs and national resources. In addition the society awards scholarships in geography. In the years 1939 to 1953, 29 such scholarships were awarded amounting to a total of $7,400.

In the matter of expenditures to assist exploration, financial aid was contributed by the society to the Baffin islands expedition of 1950 and 1953; to Dr. Williams for geographical investigation in the Churchill region; to Dr. Kimble and associates for a survey of the St. Maurice valley; and to a Mr. Laforest with the upper Orinoco expedition. In addition to sponsoring the production of several documentary films with geographical themes, the society has published and distributed over 5 million pamphlets containing articles from its *Journal* on 153 separate subjects. It is an astonishing fact that when the Canadian Geographical Society first came into existence there was not one professional geographer in Canada. Today there are over 300.

This year for the first time on record the association of American geographers met outside the United States. Montreal was the city chosen in this connection, and this gesture in itself is a tribute to Canada's significance in the world geographical picture. The international geographical union, which meets every four years, convenes in August this year in Rio de Janeiro. Canada has always been a member of this world organization. For many years the Canadian

Geographical Society was the nominal sponsor of the Canadian committee of the international geographical union. I am glad to say that Canada will be represented at the Rio meeting this year by Dr. Norman Nicholson, head of the geographical branch, Department of Mines and Technical Surveys. I believe that every consideration and support ought to be given by the federal government and by Canadian citizens individually and generally to this organization created to foster greater geographical knowledge.

What are some of the ways in which geographical science helps Canada and Canadians? First, it assists us all to understand better the economic development now taking place in this country. A better knowledge of geography, of the distribution of our natural resources, of fuel supplies and needs —all of these facts help Canadians to grasp in a more intelligent way just what is involved in the concept, engineering and economics of the various projects being undertaken throughout the length and breadth of Canada today. I mention as an example the gas pipe line from Alberta to eastern Canada.

Second, geographical knowledge also enables Canadians generally to understand that in order properly to develop the mineral wealth of the Yukon and the Northwest Territories, railways must be built. On this subject I want to point out that had it not been for Charles Camsell and his lifelong interest in the north, as well as his awareness and knowledge of the importance of the north country, our national development would have been much less extensive.

Third, by studies of the distribution of ice in northern waters, the action of currents and the influence of winds, our scientists are able to assist materially in solving the problems of ocean navigation along our northern coast.

Fourth, survey work in the north, carried out by parties operating under the direction of the geographical branch of the federal mines and technical surveys department, engaged in studying and recording surface conditions in the territories such as the location of navigable rivers, the extent and type of vegetation, the location of muskeg areas and so forth, has been of immeasurable aid in the construction of the D.E.W. line.

From these and many other activities we see that modern geography is not only a relatively new-found art but a vitally important practical science. It teaches us where our various resources are located. We learn about weather, climate and problems of transportation. We gain a better understanding of our own and other lands. It helps us to dispel the curse of overspecialization in these days in a country where many graduates of our universities are actually ignorant of the character and resources of Canada, and have little appreciation of how their particular field of training relates to the well-being and progress of the country as a whole.

For all these reasons I would therefore strongly urge that the Canadian Geographical Society and its *Canadian Geographical Journal* are worthy of substantial federal government support in the form of an annual grant or vote. I urge this for a reason even greater than any I have thus far given. The kind of knowledge the society disseminates results in a keener and wider appreciation of the special problems and background of people living in the several distinct regions of this extensive country. In all that it does the society makes for greater mutual understanding among all Canadians, and to this extent is an invaluable agency in creating and promoting greater national unity.

Mr. MacLean: Mr. Chairman, it is not my intention to take up much time of the committee, inasmuch as several points I had intended to mention have already been covered by other members of various parties. No doubt the minister, when he replies, will give the information that I would have asked about.

I was interested in what the minister had to say regarding this little publication, a summary of the activities of the Department of Mines and Technical Surveys for 1955. It appears to be a supplement to the annual report. I would be interested in knowing if this booklet is intended for free distribution. I do not see any price marked on it. I wonder whether it covers the same period of time as the annual report, the annual report being for the fiscal year. This booklet indicates that perhaps it is for the calendar year; I am not sure.

The annual report, of course is for the fiscal year which ended March 31, 1955, and therefore is a bit out of date, but the minister did bring us up to date on the activities of his department in a way that was quite informative. I noticed that the introduction to the report is signed by the acting deputy minister. I would be very pleased if the minister would make a statement as to the present position of the deputy minister of the department. I understand that the deputy minister has been on leave, and I think hon. members would be interested in knowing whether or not that is going to be

a continuing situation, whether a replacement is contemplated, and if so when that might take place. I am just seeking information.

I come, of course, from a province that is not of great interest to the mines side of this department. As far as we know we have no minerals that are available in commercial quantities. I was interested to note in the annual report that a geological survey of Prince Edward Island is in process. I might add that the oil companies seem to retain a fairly persistent hope that the geological formations in that area would indicate the possibility that oil exists. At the present time there is a company conducting a survey there to ascertain the wisdom of doing some more exploratory drilling. If oil should be discovered in that area it would be a very great boon to the maritime economy which, as has already been so ably stated, is suffering from the depressed condition of the coal industry.

The technical surveys side is of general interest to all of Canada. In that connection the minister did speak about aerial photography, and I noted that great progress is being made in vertical photography of the whole country. I was wondering if the department have yet got to the stage where they are in a position to do a new aerial survey by vertical photography of the more populated areas, which have changed considerably since the first series of photographs was taken. There are new roads, railways, and changes of that sort; mostly artificial changes. I know that at one time an aerial photographic survey of a large section of the maritimes was made—I think about 20 years ago —and until fairly recently those were the only aerial photographs obtainable. I would be interested in knowing if that is still the situation.

I have a few other questions to ask but I do not wish to delay proceedings, so I shall ask them when the particular items come up.

Mr. Prudham: Mr. Chairman, I wish to thank hon. members for their comments. In spite of our good intentions the debate on coal crept in, but that is quite all right. I do not propose to answer all those questions and observations until I make a statement on the coal board item.

The hon. member for Kootenay West brought up a very interesting subject, and I thought it was a very useful contribution. I can make this promise, that someone from our department will make it a point this summer to communicate with Dr. Borden and endeavour to obtain all the information available about the historic voyage into the north. From time to time our survey parties find evidence of these early explorers in the north. I think it was last year that they found a cairn on Ellesmere island. I have not the details of the information, but they found some scraps of paper bearing messages that were left by an expedition.

The hon. member for Bow River confined his remarks largely to coal. He and the hon. member for Macleod both referred to page 10 of the report of the dominion coal board. I would recommend to both of them that they also read page 11, and I think they might find at least a partial answer to some of the questions they asked.

I wish to thank the hon. member for Villeneuve for the complimentary remarks he made. I note that he wanted some information about the geophysical work and whether we have developed new methods. We do operate one Canso aeroplane for aerial magnetic surveys under the geological survey, and that Canso plane is also equipped with a radioactivity detector instrument. It has been found by experience that what they call drift will distort the radioactivity of a region. In other words, it provides a shielding effect and the result is that while radioactive areas are indicated they are not able from the results to locate with certainty where the major deposits are. They have found it useful in relation to their geological mapping. It is useful in identifying the rocks. So far we have not published these reports because we believe they are rather misleading to anyone but an expert, but to a limited degree they are useful in studying and identifying the various rocks of a region.

The hon. member for St. Paul's wanted to know about the distribution of our reports. The reports of aerial magnetic surveys usually are not released for about a year or two after the survey is made, for the simple reason that it takes a great deal of time to compile the results on topographical maps. A mailing list is built up in the meantime, and the public is informed that the map will be released on a certain date. No one has an advantage. It is made available to all comers at the same time.

Others have made reference to the distribution of our maps and reports. The printing bureau sends out notices from time to time, usually by postcard, of new reports that are ready for distribution. Our budget this year for the printing of reports is $216,000, and I believe the printing bureau also has a considerable item for the same purpose. The suggestion of the hon. member for Timiskaming that these reports be made available to libraries is good. Any library board wishing

to have those reports made available may have them by writing in, and any member who is interested in promoting the distribution in his own community could probably notify the interested parties.

The hon. member for Cape Breton South made his usual good contribution on coal. I intend to answer him on only one item at this time. He referred to the possible effect on the subvention of the increase in freight rates. Well, the actual increase of 12 cents a ton on coal and coke has now been published by the board of transport commissioners. The amount of the subvention payable is based upon the difference between the laid-down cost of Canadian coal and imported coal. In the case of Nova Scotia coal moving all-rail to the subvention area, that is the market area, the actual increase in freight payable will be 12 cents a ton less the 20 per cent assistance granted under the Maritimes Freight Rates Act, or 9·6 cents. On the competitive coal moving by rail from the United States mines the full increase of 12 cents will apply to the Canadian portion of the haul. The net effect, therefore, will be that while Nova Scotia coal will cost 9·6 cents more, the competitive coal will cost 12 cents more, which will mean a bettering of the competitive position in favour of Nova Scotia coal of 2·4 cents.

Since this all-rail subvention is calculated on a percentage of the freight rate, that is 45 per cent, and since the amount is small, the subvention rate will not be reduced to allow for this item. In the case of waterborne coal and railway coal, the subvention payable is directly determined from the laid-down cost of the competitive coals, and wnere there is any alteration in the competitive position from this or any other cause it is automatically covered by the subvention. I am sure that the Gordon commission will do a good job in its study of conditions in the Nova Scotia coal industry.

The hon. member for Yukon mentioned the good work the geographic society is doing in publishing the *Canadian Geographical Journal*. I would also like to add my appreciation to his. I believe they are doing an excellent job. I am not sure that I heard my hon. friend's suggestion, but I believe he was suggesting a subsidy. It is the first time that has ever come up. I think they are doing a good job and they deserve a great deal of credit. Perhaps they would rather remain good private enterprisers doing a good public job.

The hon. member for Queens mentioned the summary of activities. It is published on an annual basis, that is, for the calendar year, and it comes out ahead of the annual report. We compile it and issue it specifically for the use and information of members of the house, but it is having a somewhat wider distribution, as the hon. member for Villeneuve mentioned today. There is no charge for it. It costs only $240 to publish.

With regard to the deputy minister, Mr. Boyer had a very severe heart attack over a year ago. He is making a very good recovery. The director general of scientific services, Dr. Hume, has been carrying on as acting deputy minister in the meantime. Mr. Boyer has assumed additional duties as a member of the board of the Northern Ontario Pipe Line Crown Corporation, which is taking quite a bit of his time at present. He is now at the meeting of the mining society of Nova Scotia, and he is gradually getting back into harness. I hope he will soon be fully recovered.

In regard to geological mapping to which the hon. member for St. Paul's referred. I would refer hon. members to page 14 of our summary of activities, where they will find the following:

> The present top priority objective is to complete the preliminary reconnaissance mapping of Canada. About 2·8 million square miles are unmapped geologically on even reconnaissance scales and sound long-term plans for national development and more detailed geological work cannot be made effectively until this reconnaissance has been completed.

This is where our main effort is being directed at the present time. It will take quite a number of years fully to complete. We are gradually doing some rephotographing of certain areas where there is need for it, where there is development taking place, and sometimes at the request of provincial governments. The vertical aerial photographing of continental Canada will be completed in 1957. The geological mapping will take longer, and the detailed topographical mapping will also have to follow.

I believe this answers most of the questions hon. members have asked.

Item agreed to.

Topographical surveys including expenses of the Canadian board on geographical names—

215. Construction or acquisition of equipment, $106,000.

Mr. MacLean: This item has to do with construction or acquisition of equipment. I notice there is a decrease of $20,000 in the item on this occasion. I think it is a good thing, depending on what the explanation is. Can the minister say what is the explanation for the decrease?

Mr. Prudham: For several years we have had a contract with the Marconi company for the development of a radio geodometer, and it so happens that the amount required this year for that development is less than it was last year.

Mr. MacLean: I am not sure I am asking this question under the correct item but in connection with mapping services that are done by helicopter I should like to know if the helicopters are owned by the government, or are they supplied on a contract basis?

Mr. Prudham: It is done entirely on a contract basis.

Mr. Bell: Has the minister any information concerning the hydrographic survey that was slated to begin in southern New Brunswick?

Mr. Prudham: Well, Mr. Chairman, I wonder if my hon. friend could be a little more specific in his question. When we undertake a survey in a certain area we always stay with it until it is completed.

Mr. Bell: I can give the minister the counties in the province which the survey was supposed to include. These were Charlotte, Saint John and Albert, in southern New Brunswick.

Mr. Prudham: If we could stand that item, Mr. Chairman, I would appreciate it. The man in charge of the hydrographic surveys is in the official gallery.

The Deputy Chairman: I wonder if I might point out that item 215 covers topographical surveys. Shall item 215 carry?

Item agreed to.

The Deputy Chairman: Shall item 216 carry?

Some hon. Members: Stand.

Item stands.

219. Provincial and territorial boundary surveys, $50,725.

Mr. Green: Will the minister explain the work that is being paid for under this item?

Mr. Prudham: Yes, Mr. Chairman. At the request of provincial governments this department undertakes a survey of interprovincial boundaries, and the same applies between the provinces and the Northwest Territories. At the request of the two parties concerned this department will appoint a man to the commission and share the expense with the provincial governments concerned.

Mr. Green: Are those boundaries not already fully marked? I notice on page 290 reference is made to the Alberta-Northwest Territories boundary and the British Columbia-Yukon-Northwest Territories boundary and the Saskatchewan-Northwest Territories boundary.

Mr. Prudham: They are not completed as yet. We have a preliminary report on the Alberta-Northwest Territories boundary but it has not yet been approved and it has not been submitted to the Alberta legislature or to this parliament.

Mr. Green: Has the boundary never been surveyed between British Columbia and the Yukon and British Columbia and the Northwest Territories?

Mr. Prudham: It is being done at the present time, but it is not completed as yet.

Mr. Green: Will this complete it?

Mr. Prudham: No, it will not be completed this year.

Mr. Fleming: How much more is it going to cost to complete the work beyond this year? Is the minister in a position to tell us that?

Mr. Prudham: No, I would not like to hazard a guess, because it is extremely rough territory and we never know until it is completed. We have no estimate on that.

Mr. Fleming: Can the minister say what period of time will be required to complete the survey?

Mr. Prudham: Are you speaking of the British Columbia-Northwest Territories boundary?

Mr. Fleming: Yes.

Mr. Prudham: I understand there has been a preliminary survey of the entire boundary but it was found there were inaccuracies, and some of it is being resurveyed at the present time. Today I saw the preliminary report on the Alberta-Northwest Territories boundary and we found there were some discrepancies or variations in two different locations involving, I think, seven or eight acres in each instance. Whether that will be resurveyed to be made exactly right or whether the provincial government will agree with the Northwest Territories representations that it is all right the way it is and that the original survey work be recognized as the boundary, we cannot say as yet. If we had to stay with it until it was absolutely perfect it might take quite a long time, but there are three parties concerned and we cannot say just how long it will take to complete.

Item agreed to.

Map compilation and reproduction—

220. Administration, operation and maintenance, $923,986.

Mr. MacLean: Mr. Chairman, I believe this is the item the Canada atlas comes under, is that correct?

Mr. Prudham: Would the hon. member mind repeating his question?

Mr. MacLean: Is this the item under which questions should be asked regarding the new Canada atlas?

Mr. Prudham: No. 218 would be the item, I suppose. Legal surveys come under 218 if you are referring to the Canada Lands Surveys Act.

Mr. MacLean: Perhaps the minister misunderstood me; I was inquiring about the new Canada atlas.

Mr. Prudham: I am sorry. That would be under geographical surveys item 228.

Mr. MacLean: In that case I will hold my question until we reach item 228 but in connection with—

Mr. Fleming: Ten o'clock.

Mr. MacLean: —this particular item I have some questions. Perhaps the committee might rise now and report progress as it is ten o'clock.

Item stands.

Progress reported.

Resolutions adopted in committee of supply this day reported and concurred in.

BUSINESS OF THE HOUSE

Mr. Harris: We shall continue tomorrow with these estimates and the estimates of veterans affairs and then labour.

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

[The following items were passed in committee of supply]:

DEPARTMENT OF THE SECRETARY OF STATE

Civil service commission—

84. Salaries and contingencies of the commission, $2,599,117.

DEPARTMENT OF PUBLIC PRINTING AND STATIONERY

337. Departmental administration, $518,347.

338. Purchasing, stationery and stores, $1,164,453.

339. Distribution of official documents, $302,473.

340. Printing and binding of official publications for sale and distribution to departments and the public, $485,000.

341. Printing of *Canada Gazette*, $110,000.

342. Printing and binding the annual statutes, $35,000.

343. Plant equipment and replacements, $500,606.

671. Distribution of official documents—further amount required, $10,665.

672. Plant equipment and replacements—further amount required, $245,438.

673. To provide for reimbursement of the queen's printer's advance account for the value of stores which have become obsolete, unserviceable, lost or destroyed, $7,277.

DEPARTMENT OF MINES AND TECHNICAL SURVEYS

A—Department—

209. Departmental administration, $510,190.

Explosives Act—

210. Explosives Act—administration, operation and maintenance, $107,865.

Surveys and mapping branch—

211. Surveys and mapping branch administration, $57,242.

212. Geodetic survey of Canada—administration, operation and maintenance, $567,786.

213. International boundary commission, $58,060.

Topographical surveys, including expenses of the Canadian board on geographical names—

214. Administration, operation and maintenance, $1,584,232.

215. Construction or acquisition of equipment, $106,000.

217. Construction or acquisition of buildings, works, land and equipment, $461,290.

218. Legal surveys and aeronautical charts, including a grant of $500 to the Canadian institute of surveying and photogrammetry, $644,832.

219. Provincial and territorial boundary surveys, $50,725.

Surveys and mapping branch—

Canadian hydrographic service—

649. Construction or acquisition of buildings, works, land and equipment—further amount required, $500,000.

HOUSE OF COMMONS

Friday, July 6, 1956

The house met at eleven o'clock.

EXTERNAL AFFAIRS

POLAND—REQUEST FOR INTERVENTION FOLLOWING INCIDENT AT POZNAN

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): Mr. Speaker, yesterday I directed a question to the Acting Secretary of State for External Affairs arising out of the situation in Poznan, Poland, and he stated then that he would bring the matter to the attention of the Secretary of State for External Affairs when he returned.

As time is very much of the essence, Mr. Speaker, I again ask the minister whether or not the Canadian government will give immediate consideration to sending to the Polish government a request on behalf of Canada that those who stood for freedom in the recent uprisings in Poland shall not have visited upon them barbarous and unnatural punishments and pointing out that while the Canadian people expect justice to be done they ask that unnecessary cruelties and barbarous conduct be avoided.

Hon. Roch Pinard (Acting Secretary of State for External Affairs): Mr. Speaker, I fully understand the seriousness of the matter. I have just been informed that the Secretary of State for External Affairs will be back tomorrow. There is nothing I can add to what I said yesterday, but I will take up the matter with him tomorrow when he returns.

NEWFOUNDLAND—ALLEGED INTERFERENCE WITH RIGHTS OF CANADIANS BY U.S. AIR FORCE

On the orders of the day:

Mr. T. S. Barnett (Comox-Alberni): Mr. Speaker, I should like to direct a question to the Acting Secretary of State for External Affairs. Will the minister investigate further the accuracy of his statement to the house that the United States northeast air command, on its own initiative, sent a letter to its Canadian employees on May 12, 1956, informing them that the provisions of the Canadian Civil Service Act regarding participation of civil servants in federal and provincial elections would be applied in principle to Canadian civilian employees of northeast air command?

In view of a report that a man named Fred Clarke in charge of civilian personnel at air bases issued these instructions, will the minister determine under whose authority Mr. Clarke issued these instructions?

Hon. Roch Pinard (Acting Secretary of State for External Affairs): Mr. Speaker, I did in fact discuss this matter with the officials of the department this morning. I may say that the information I gave yesterday is correct. This information came through the United States embassy and the United States northeast air command issued the directive about political activities and accepts full responsibility for it.

TRADE

CHINA—INQUIRY AS TO EXPORT OF STRATEGIC MATERIALS

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): May I ask the Minister of Trade and Commerce if there are any negotiations going on at present with a view to modification in the list of strategic materials as applied to trade with China, if Canada is having any part in such negotiations and if the government is aware of any recent infringements of the existing list of strategic materials on the part of any countries that are bound by the present embargo?

Right Hon. C. D. Howe (Minister of Trade and Commerce): Negotiations continue to be carried on in Paris. I am sure that Mr. Wilgress, who represents us there, is taking part in them. There have been certain violations—at least, I would call them violations, although I am not sure whether or not they are violations technically—in the shipment of strategic materials into Red China. For example, Ceylon has been shipping rubber into that country. Canada has made no representations to the NATO council in recent weeks.

Mr. Fleming: May I ask further, Mr. Speaker, whether there is any reason why the full list of strategic materials could not be made public and in particular the difference between the list as applied to shipments to Russia on the one hand and the list as applied to shipments to Red China on the other.

Inquiries of the Ministry

Mr. Howe (Port Arthur): Mr. Speaker, the list is a public document. I do not know of any reason why it cannot be tabled in the house. If my hon. friend will put on the order paper a motion that the list be tabled, I will be pleased to table it.

Mr. Fleming: Could the minister deal with the other point about the difference between the two lists. There is a difference between the lists of strategic materials applied to the two countries, is there not?

Mr. Howe (Port Arthur): My recollection is that the two lists are the same. However, if the hon. member will ask for both, we will table both lists.

POSTAL SERVICE

REQUEST FOR RAILWAY MAIL SERVICE BETWEEN SQUAMISH AND NORTH VANCOUVER

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to direct a question to the Postmaster General. Is it the intention of the Post Office Department to establish railway mail service on the recent extension of the Pacific Great Eastern Railway between Squamish and North Vancouver? If so, when will this service commence?

Hon. Hugues Lapointe (Postmaster General): Mr. Speaker, it is the intention of the department to make use of the P.G.E. line to Britannia Beach and Squamish. However, the latest information that the department has is that construction is still going on. Of course, until a regular train schedule is issued by the P.G.E., it is impossible to make any definite plans.

NATURAL RESOURCES

IRON ORE—REQUEST FOR PROHIBITION OF EXPORT FROM BRITISH COLUMBIA

On the orders of the day:

Mr. F. G. J. Hahn (New Westminster): Mr. Speaker, I should like to direct a question to the Minister of Mines and Technical Surveys, notice of which I sent him earlier this day. Would the minister indicate whether he has received a request from Premier Bennett of the province of British Columbia or other departmental ministers of that government asking him to prohibit export of iron ore from that province? If so, what action does he intend to take on the matter?

Hon. George Prudham (Minister of Mines and Technical Surveys): Mr. Speaker, I wish to thank the hon. member for giving me notice of his intention to ask this question. The answer is no. We have received no such correspondence.

[Mr. Fleming.]

AIR TRANSPORT

STATEMENT ON REQUEST FOR AMENDMENT OF STATUTE TO PROHIBIT DUMPING OF FUEL

On the orders of the day:

Hon. George C. Marler (Minister of Transport): Mr. Speaker, some days ago the hon. member for Kootenay East, following the accident which occurred to the Venezuelan airliner, asked me if I would consider revising the Aeronautics Act to provide that no dumping of gasoline shall be allowed while aircraft are in flight. I should like to say that I have had the opportunity of conferring with the officials of my department who advise me as follows: It is standard aeronautical practice for aircraft takeoff weights to be in excess of permissible landing weights for the same aircraft, and aircraft operations are based on this practice. This means that if an aircraft with a heavy fuel load is compelled to land sooner than expected and, therefore, has not used up the required amount of fuel it may have to rid itself of this fuel while still in the air before making an emergency landing so as to reduce its weight to the permissible landing weight. In these circumstances, two courses are open. One is for the aircraft to continue flying until it has actually used up the fuel and the other is to dump the fuel while still in the air through emergency valves especially built for this purpose. Fuel dumping in the air is an accepted and necessary safety practice in the event of an emergency landing, particularly where the aircraft has not been able for one reason or another to continue flying so as to use up the fuel.

I should like to make it quite clear, Mr. Speaker, that these remarks do not constitute in any way a judgment as to the cause of the accident to the Venezuelan airliner, as to which we have no information in the department.

BRITISH COLUMBIA—STATEMENT RESPECTING CONSIDERATION OF LANGLEY AS SECONDARY AIRPORT

On the orders of the day:

Hon. George C. Marler (Minister of Transport): Yesterday the hon. member for New Westminster referred to the Langley airport. I have been informed that the Langley airport is a useful supplement to the Vancouver international airport and we expect that it would be used for this purpose to an increasing degree in the future, particularly for light aircraft. With this in mind, the federal government has already assisted in the development of the Langley airport and hopes that it may be possible to provide some measure of further assistance in the future. The

Langley airfield, however, will not in itself provide adequate relief for the growing problem of air traffic in the Vancouver area and it is quite clear that an additional airport will have to be developed before long.

I have already announced that if the site at White Rock proves suitable for construction purposes it is our intention to proceed with the development of an airport in that area. Since this announcement was made, I have received some representations against the use of the site at White Rock as an airport and these representations are at present under consideration.

SHIPPING

STATEMENT ON REQUEST FOR CONTROL OF SPEED BOATS IN MINOR WATERS

On the orders of the day:

Hon. George C. Marler (Minister of Transport): On July 3, Mr. Speaker, the hon. member for New Westminster raised the question of an amendment to the minor waters navigation regulations with regard to achieving greater control over the speed of freighters and tugs which fail to observe the proper speed limit and in consequence damage fishing vessels and floats. If the hon. member has specific reference to the lower reaches of the Fraser river, solution of this problem may be found to be within the jurisdiction of the New Westminster harbour commissioners since the New Westminster harbour limits include these lower reaches. In any event, this matter has been drawn to the attention of the commission.

Any further action in this matter through the use of the minor waters navigation regulations could be better considered after the amendments to the Canada Shipping Act which are at present before this house have been dealt with, since one of these amendments would affect the scope of the regulations in question.

GRAIN

WHEAT AND BARLEY—POSSIBILITY OF SALE TO CHINA

On the orders of the day:

Mr. H. R. Argue (Assiniboia): I should like to direct a question to the Minister of Trade and Commerce arising out of a recent statement that Canada would like to enter the China market for barley and wheat. Are any new representations to China being contemplated in the hope that we may develop this market for substantial quantities of Canadian wheat and barley?

Right Hon. C. D. Howe (Minister of Trade and Commerce): We have no diplomatic relations with communist China and therefore no official representations have been made or are being made. Inquiries have been made by responsible members of the wheat board about the situation in China, and the information they have received is that China is not at present in the market for either wheat or barley. China has bought fertilizer from Canada and the objective would seem to be to become self-contained in foodstuffs.

Mr. M. J. Coldwell (Rosetown-Biggar): Does the minister imply, in his reply to the effect that we have no representative in China, that it does interfere with our trading relations with that country?

Mr. Howe (Port Arthur): Mr. Speaker, I would say very definitely that it interferes with our ability to get official information from that country; however, it does not interfere with any desire that the authorities in China may have of making purchases of foodstuffs in Canada. That can be arranged, but without official representation in China any Canadian who enters that country is on his own. Whether he can approach the proper officials or not depends on his own ingenuity, not on the usual official introductions that he would expect in any other country.

ST. LAWRENCE SEAWAY

SUGGESTED REOPENING OF DISCUSSIONS WITH CAUGHNAWAGA INDIANS

On the orders of the day:

Mr. W. M. Hamilton (Notre Dame de Grace): Mr. Speaker, I should like to address a question to the Minister of Citizenship and Immigration. In view of the fact that earlier this week almost the entire membership of the Caughnawaga Indian reserve band council changed when the council election was held, does the minister intend to reopen discussions with the council regarding the acquisition of land for the seaway, since this election would seem to indicate dissatisfaction with the way in which it has been carried on in the past?

Hon. J. W. Pickersgill (Minister of Citizenship and Immigration): Well, Mr. Speaker, I would hesitate to interpret the election results in the Indian reserve with the same confidence that the hon. member for Notre Dame de Grace seems to have. There is no question of reopening any conversations with the council of the band. We have been having these conversations all along and we shall continue to have them with the regularly constituted authorities of the band.

Inquiries of the Ministry

CANADIAN PACIFIC RAILWAY

REFERENCE TO ALLEGED DISCRIMINATION AGAINST PENSIONERS

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Labour. Has the minister any progress to report in connection with the offer which he made on June 15 to support the representations made on the floor of parliament with regard to discrimination by the Canadian Pacific Railway against some of its pensioners?

Hon. Milton F. Gregg (Minister of Labour): No, Mr. Speaker, I have no comment to make other than that which I made on that occasion.

CITIZENSHIP AND IMMIGRATION

INDIAN AFFAIRS—REQUEST FOR PARTICIPATION IN MOSQUITO CONTROL IN FRASER VALLEY

On the orders of the day:

Mr. A. B. Patterson (Fraser Valley): Mr. Speaker, I should like to address a question to the Minister of Citizenship and Immigration. I have not given him notice of my intention to ask this question, so he may wish to take it as notice.

Since there are others who are interested in the welfare of the Fraser valley besides the hon. member for Burnaby-Richmond (Mr. Goode) and Senator Reid, I wonder whether the minister can advise the house if any decision has been reached relative to the application of the municipalities for the co-operation of the Indian affairs branch in mosquito control? If so, what has been the decision?

Hon. J. W. Pickersgill (Minister of Citizenship and Immigration): Yes; I have no difficulty. I have already advised all the hon. members, including the hon. member for New Westminster, who communicated with me on this subject, that we are contributing $1,500 to this excellent cause, and if the hon. gentleman who has just addressed the question to me had communicated with me about it earlier I would have informed him also.

Mr. Patterson: May I say I have been in communication with the officials of the minister's department for several weeks.

Mr. Pickersgill: Yes; I understand, sir, that the hon. gentleman was duly informed by the officials of my department of what had been decided.

Mr. Patterson: That was when I phoned them this morning.

[Mr. Pickersgill.]

SUPPLY

The house in committee of supply, Mr. Robinson (Simcoe East) in the chair.

DEPARTMENT OF MINES AND TECHNICAL SURVEYS

The Chairman: I understand that resolution 216 stood over last night. Is it the intention to proceed with it?

Canadian hydrographic service—

216. Administration, operation and maintenance, including Canada's annual contribution of $4,200 to the international hydrographic bureau, $3,017,362.

The Chairman: Shall this resolution carry?

Mr. Prudham: Mr. Chairman, the hon. member for Saint John-Albert last night inquired about hydrographic surveys in southern New Brunswick. We understand from a subsequent conversation with the hon. member that he really means aeromagnetic surveys. A meeting was held in November in Fredericton in which departmental officials participated and arrangements were made to make a survey of southwestern New Brunswick including the counties of Charlotte and part of Queens and Kings. The area was flown in May of this year and the maps that are the result of this survey are now being compiled and will be released as soon as they are completed.

This area is part of the mineral belt of New Brunswick and the aeromagnetic maps will supplement the geological information already available.

Mr. Bell: Well, Mr. Chairman, when the announcement was made with respect to this survey it was meant to include Saint John, Kings and Albert counties and it was definitely set up as a southern New Brunswick survey. I have a press clipping here of a conversation that was held with the Minister of Labour and some officials. Perhaps it is not as definite as we might have hoped but it certainly indicated that these counties would be included in the survey and the allocation for this survey would be in the estimates of the department this year. If I could just ask the minister if it is meant to include the counties of Saint John and Albert and when this may begin, it would satisfy me.

Mr. Prudham: Mr. Chairman, I know that this arrangement was made in conjunction with our officials and the officials of the department concerned in New Brunswick. Consultation was held and it was decided what areas should be flown and that has been carried out. My officials here think my hon. friend is correct and that these areas were included although it is not in this statement.

Mr. Bell: May I take it then, Mr. Chairman, that this survey which has begun or will begin in the near future is to include in it the county of Saint John and part of Albert?

Mr. Prudham: The survey has already been completed; the flying has been done. They are now preparing the report and the maps.

Mr. Bell: The county of Saint John and part of Albert were surveyed—at least that part of it has already been done with respect to these particular counties?

Mr. Prudham: I cannot be too sure of that. We think so but we are not sure.

Mr. Bell: Well, Mr. Chairman, this is rather unusual because I have a statement here from the Moncton *Transcript* dated November 25. The announcement was made by the Minister of Labour. This was not an official announcement from the department but he was called on the phone by the Saint John people. I attended one meeting and it was stated definitely. The clipping reads:

> The Minister of Labour said it was expected that the counties of Saint John, Charlotte, Kings and part of Albert would be mapped.

And then, when he was further asked just how definite this might be, he said:

> "I do not indulge in double-talk."
> . . . Mr. Gregg said he would "support in any way an item in the estimates for the survey in the southern section of New Brunswick".

I still persist in my question concerning Saint John and Albert. I think probably these counties were done because we saw the planes overhead but I would like to be definite about it, Mr. Chairman.

Mr. Prudham: The Minister of Labour took an active part in helping to bring about the survey. We do know that the most promising mineral belt was flown. Just at the moment we are not sure about the counties mentioned by the hon. member. We can look that up and I will supply the exact information later.

Mr. Gregg: I should like to comment upon what has been said by the hon. member. As my colleague has stated, I did have some part in helping to arrange the meeting which was held at Fredericton, which he attended but which I did not. As he knows, officials of the Department of Mines and Technical Surveys met with officials of the department of mines of New Brunswick. It was my view at that time, as was stated in this report—I was called on the long distance telephone, I did not call the newspaper—that those parts of New Brunswick were involved. I think the officials thought that it would take in part of Saint John county and parts of Albert, Kings and Charlotte counties. It would comprise the belt across the southern rocky portion of the province of New Brunswick. If my colleague finds out that these areas have not been done I hope that he will give consideration to having them done at the first opportunity.

Mr. Bell: Could the minister find out if those counties were included?

Mr. Prudham: Yes.

The Chairman: Shall the item carry?

Mr. Bell: No, I think it will have to stand until we get this information.

Mr. Prudham: I am not sure that I can get it quickly, but I will supply the information to my hon. friend as soon as possible.

Mr. Bell: As soon as possible means very little to me with time receiving the funny consideration it now receives from this parliament. I do not see why this item could not stand for a few minutes. Surely the department must have some knowledge of the particular counties. I am not asking if the entire counties were done, but they should know what counties were mapped.

Mr. Prudham: The information is given in longitude and latitude and we would have to consult the county maps to make sure which counties are included.

The Chairman: Shall the item carry?

Mr. Nowlan: No. I have a question to ask on this item. I think the hon. member for Saint John-Albert is making a perfectly reasonable request when he asks that the item be allowed to stand. I can understand the information being given in longitude and latitude but that is no reason why the information could not be supplied. The records could be checked and the question answered.

I wonder if the minister could give us some general information with regard to this item. I certainly know very little about hydrographic surveys, but I have talked with those who have experience with these things. I understand that in preparing these charts the charts which were originally prepared by the British admiralty many years ago are used. The British authorities made these original surveys and turned the charts over to this government and now the minister's department is responsible for them.

Mr. Prudham: Yes.

Mr. Nowlan: I understand that in many cases the department is still using these old original charts which were prepared perhaps 50, 75 or 100 years ago when they did not have the equipment and scientific data which are available today. I believe the

minister does have records to indicate that there are obstructions, rocks and other things which were not indicated on these original charts, and I understand that in fact some departmental ships have encountered such obstructions.

I wonder whether the minister could give the committee some outline of just where this matter stands, how much of this work has been done within recent years and in how many cases are we still dependent upon the old charts which were perhaps made by captains of British frigates cruising around our waters 100 or 150 years ago. It does seem to me that this is a phase of the departmental work which is rather important and if we do have the responsibility for doing all this work now the committee should know how much of it has been brought up to date and how much of it still remains to be done in the years to come before we have a complete and modern set of charts for all of our coastal waters. I think the minister could make a general statement along that line for the committee.

Mr. Prudham: Mr. Chairman, they are still using a few of the old British admiralty charts but they are being replaced as quickly as possible. I suppose my hon. friend is interested in work being done on the Atlantic coast. The C.G.S. *Kapuskasing* has a detached party stationed at North Rustico, Prince Edward Island, which has carried out inshore charting off the north shore of the island. The motor launch, *Henry Hudson,* operating in the Canso area and the motor launch, *Anderson,* operating in the Liverpool-Cape Raceway area continue to chart the inshore waters off the southern coast of Nova Scotia. As a result a number of hitherto uncharted shoals have been added to the charts of these waters. It is true that these old charts are not entirely accurate. When re-surveys are made reefs are found that are probably just slightly below the safety level, and as fast as possible they are charting these areas, especially where there is heavy shipping.

Mr. MacLean: With respect to the north coast of Prince Edward Island and the Rustico area where hydrographic charts are now being made, is this the first hydrographic survey made by the department in recent years? Up until that time have modern navigators been dependent on the old British charts of that area, surveys made by Admiral Bayfield and others? Is this the first departmental hydrographic survey in that area?

Mr. Prudham: Hydrographic survey officials are at present working in that area revising the old charts. It would take quite a bit of research to find out how old some of the charts are, but we are endeavouring to bring them up to date right at the present moment.

The Chairman: Shall the item carry?

Mr. Hees: I think that the hon. member for Saint John-Albert is entitled to an answer to the question he asked the minister.

Mr. Prudham: The question was stood. We are getting the answer.

Mr. Hees: Yes, but I do not think the item should carry until the question is answered. Are you standing this item?

Mr. Prudham: Yes.

Item stands.

Map compilation and reproduction—

220. Administration, operation and maintenance, $923,986.

Mr. MacLean: Would the minister be good enough to give the committee a brief outline of what the situation is especially with regard to the compilation of maps primarily for aerial navigation? As far as information respecting the northern part of Canada is concerned, what is the procedure? I should preface my remarks by saying that it is essential that other countries, especially the United States, have aerial navigation maps of large areas of this country, if not all of it, and I was wondering what the policy is. Does the government furnish other friendly countries with the required information and do they print their own aerial navigation maps or do we actually sell the maps we have produced to other countries?

This question has arisen in my mind chiefly from looking over an excellent booklet published by the department regarding a profile study of the new Quebec crater. I notice there, if I read it correctly, that the first aerial photograph on which this crater was noted was one taken by the United States air force in 1942 and the first maps on which it appeared were ones produced by the United States air force. Apparently the department also published a map in 1942 with the information on it. Then the following three maps, one produced in 1944 and two in 1945, were also produced by the United States air force.

Appendix B to the booklet would indicate that the first aerial photograph of the crater was taken by trimetrogon survey in 1943 by the United States air force. The first photographs taken by Canada on which the crater appeared were taken by the R.C.A.F. in 1946, three years later. I wonder what the position is. I should like to think that as a nation we have greater and prior knowledge of the northern part of our own country. I think the

question of national pride demands that, if nothing else. Would the minister say a word on that?

Mr. Prudham: During the period of the war Canada was completely covered by trimetrogon photography. There was a very urgent need and the United States did co-operate in that particular area of the country, but this department made the maps from that photography. As I said before, trimetrogon photographs were taken and the maps were prepared on the scale of 8 miles to the inch. The R.C.A.F. took up the work as soon as they had the equipment available, and in the last two years we have been doing our photography work by contract. However, I do not think there is any special significance in the fact that the United States took the original photographs of that area, other than the needs of defence.

Mr. MacLean: I take it that at the present time the United States government publishes its own maps for aerial navigation and we do not supply them with maps produced in Canada.

Mr. Prudham: The Canadian aeronautical charts are published by us. Any other country has the privilege of making whatever maps they wish. We received a very nice portfolio of maps from Russia recently. They are splendidly done and the work is excellent. They had a world atlas and they had a map of Canada that was very beautiful and carefully done. We have no control over the mapping that other countries do but we do provide the aeronautical charts for Canada.

Mr. Nowlan: I suppose that map compilation covers all kinds of maps that are made as the result of surveys of every kind, including general maps of the country. I was rather intrigued by what the minister said about the map of Canada that had been prepared by Russia. He said it was a very excellent product. In visiting some of the rural schools of our country from time to time I have sometimes been rather dismayed at the ancient maps of Canada you will find hanging on the school walls. Some of them still show the old Northwest Territories and some of them were certainly prepared long before Newfoundland took over part of the eastern seaboard of the country because it is shown as part of the province of Quebec. In other words, in many cases the maps are hopelessly out of date. I am wondering whether the department has prepared recently a modern up-to-date map of the Dominion of Canada as such showing the proper boundaries and the delineations of the country as we now understand them, with possibly a little uncertainty as to the border between Quebec and Newfoundland on the extreme east of this country. If that has been done, under what arrangement are these maps distributed to schools? Do they do it through the department of education of the various provinces? Do they buy these maps from you or just what is the arrangement? I am not suggesting the responsibility lies with the minister. It may lie with the department of education in a province or it may lie with an individual school board which is perhaps careless or so short of funds that it has not provided proper maps for its schools. If we are going to inculcate a proper pride in and a knowledge of this country and if we are trying to teach geography in our schools, I think the basis of that is accurate maps properly and attractively prepared, as apparently I would judge the Russians did in connection with these specimens they sent to the minister. I wonder what we are doing in that connection? When did we last prepare a complete map of Canada for distribution and how is it distributed?

Mr. Prudham: The latest map of Canada was released for distribution in early 1955 at a nominal price. There is a special discount to dealers and to school boards or any organization where they would make a substantial distribution.

Mr. Nowlan: Are these maps distributed directly to provincial educational authorities or are they sold through dealers? The minister says the last one was in 1955. Can he tell the committee when the previous one had been issued? In other words, could he tell us the time lapse between 1955 and the map issued prior to that time?

Mr. Prudham: Mr. Chairman, just at the moment I have not the date when the previous map was issued. I know that we have an up-to-date map of Canada available to anyone who wishes to pay the small sum involved.

Mr. Nowlan: What is the small sum?

Mr. Prudham: Depending on the size, 25 cents to 50 cents; probably some go as high as $1.50. These maps are available to members without charge. I think every hon. member should have one for his own office. It is a good map. It is very nicely done. I am sure that school boards would be well advised to acquire them.

Mr. Nowlan: I am afraid of that suggestion, Mr. Chairman. I am afraid that perhaps some local school board will suggest that the local member for the constituency should buy these new maps for every one of the schools. This perhaps is a subject that I should drop and leave alone immediately.

However, I suggest to the minister that more publicity should be given to these maps. I am not speaking of schools in Nova Scotia only. I have seen the same thing in other schools. In fact, in some of the rural areas in Ontario where I have happened to be I have seen maps which certainly far antedate 1955. If they were not prepared before the first war, I would be surprised. I think steps should be taken by this department, in conjunction with the educational authorities of the various provinces, to see that this new, apparently modern, accurate and up-to-date map is given publicity and that steps be taken by his department to encourage its distribution so that it at least will be in every school house in this country.

Mr. Prudham: I have a note here which reads as follows: In the case of public libraries such as those operated in the cities of Montreal and Toronto, one copy of each map is supplied free of charge. In order to keep this collection up to date the name of the library is added to our automatic mailing list for single copies of new and revised maps as issued. Extra copies of any of the maps are charged for at the discount rate of 40 per cent off list price. Small libraries receive a few free maps for their immediate area. The method of distribution of maps to schools is outlined on the list of maps suitable for school use. They have a special list compiled in the case of universities. One free copy is sent to the head of a department such as geography or geology. Extra copies of these maps are sold at 40 per cent discount.

Mr. MacLean: Mr. Chairman, with regard to the distribution of the reproduction maps, I have first a suggestion I should like to make in a somewhat humourous vein. I wish the minister would send the C.B.C. a copy of one of the most recent maps because I notice one of their programs—I believe it is called "Trans-Canada Hit Parade"—that shows an abysmal ignorance of geography, especially of the maritime provinces. They are shown on their map just in the background as just a sort of blob and my province is completely missing from their map.

Mr. Prudham: I should like to put in another little plug for the department. I think I did so once before. Hon. members have seen the beautiful map in the railway committee room. When that map was prepared, because of its size it had to be prepared on the floor and it all had to be done by hand. The tracing and the colouring is all hand work. It is really a masterpiece. I think the people who had the responsibility for producing that map deserve a great deal of credit.

[Mr. Nowlan.]

Mr. MacLean: Mr. Chairman, with regard to the reproduction maps, I had a question or two. I do not pose as an expert on maps but previous activity required me to have some knowledge of maps and they are therefore of rather special interest to me in an amateurish way. I happen to have here a map of Canada. The scale is 100 miles to the inch. It is indicated that it was printed in 1951. I notice that it shows two fairly extensive railways one from Seven Islands up into Labrador and another in Manitoba. They are shown on the map. This is a 1951 map. I am sure that these railways did not exist in 1951. I presume the explanation is that the date of the map should have been changed to some later date and that that was not done when the map was being brought up to date. To me that would indicate sort of sloppy editing, but perhaps there is some other explanation. Then although the key does not show what it is meant to indicate, the map indicates what I take to be a railway under construction or a proposed railway out on the west coast in northern British Columbia just south of the Alaska border. I point that out because I obtained what looks like the same map in French. The French copy of this map is rather interesting to me. It is basically the same map, but I notice that it is dated 1956 and that it shows these two railways as being completed, namely the first two I mentioned, the one in Labrador and the other in Manitoba. However, it does not show this one under construction or whatever is supposed to be represented by this broken red line in B.C. So on looking at the map it would appear that things were in a greater state of advancement in 1951 than in 1956, if you were to take these maps at face value. Of course I know that is not the explanation. It probably is a bit of careless editing.

Also in that connection I happen to have a sheet here of a map produced by the department. It is the Portage mountain sheet. When I saw this I was under the impression that Portage mountain was in British Columbia. It is indicated here as being in Alberta. I looked up the annual report and I find where it lists the sheets that were printed for the area covered by the last report, and it shows this sheet as one of them all right. In the report it shows Portage mountain in the right province. It shows it in British Columbia, although the map itself indicates that Portage mountain is in northern Alberta. Now, these are perhaps small things but to one who is interested in maps, they are errors that one would think inexcusable. I just wonder what explanation the minister might have in that regard.

Then I was interested in ascertaining whether the reproduction of maps is done entirely by the government printing establishment or whether some of them are being reproduced by contract. If the latter is the case, I should like to have some figures as to the amount paid to each of the various contractors and who they have been over the last two or three years.

Mr. Prudham: I am not able to say, Mr. Chairman, whether the hon. member was right in the discrepancies he pointed out, but I agree with him that if they exist as he says they are inexcusable. We will certainly check on that.

With regard to the farming out of map production, we do all the maps unless they are very complicated geological maps where many colours are involved. Occasionally we do let that type of work out to outside firms which are better equipped to do the work.

Mr. MacLean: Would the minister be kind enough to give the committee some figures as to the cost of these maps or the amounts paid to various contractors for the publication of maps in the last year. I should like to have some figures on that.

While the minister is getting that information perhaps I might draw his attention to a couple of other small points with regard to this item. I wonder if the minister can give us some figures as to what size the staff of this branch was five years ago and what it is now. How much has it grown or decreased in size over a period of say five years? I just mention five years so we will have an indication of the mapping activities of the department.

I have seen listed a manual for cartographers, which apparently has been produced by the department. I presume that is for the use of its own staff, but I was wondering if it is meant for general distribution and if so what is the extent of the distribution, what would it sell for and what was the cost of production?

Mr. Prudham: What report is that again?

Mr. MacLean: It is a cartographers' manual which I believe the department has published.

Mr. Prudham: The answer to the last question is that the cartographers' manual was prepared for the use of our own department. We are not aware that it has any outside distribution.

In regard to the printing of maps by outside contractors, that is done through the queen's printer. We have no information as to the cost.

At the present time, we have 214 employees in that reproduction division and that has been increasing progressively with the volume of work. I am sorry, but at the moment I cannot give the figures for five years back. I would be glad to obtain those figures and give them to my hon. friend.

Mr. MacLean: Do I interpret the minister's earlier answer as meaning that the queen's printer arranges for a contract for printing maps with an outside contractor and the expense is borne by another department or through some other item and is not part of the moneys which we are voting now?

Mr. Prudham: We do reimburse the queen's printer for the work done during the year but we have no record, at least not here, of the individual contracts that they let on our behalf.

Mr. MacLean: Can the minister give us a lump sum amount by which the queen's printer was reimbursed for that type of work in recent years?

Mr. Prudham: While the officials are looking up this information, I now have some information for the hon. member for Saint John-Albert. The county of Charlotte is complete; most of Kings county, most of Saint John and the southeast portion of Queens.

Mr. Bell: Mr. Chairman, I do not want to pin down the minister to a specific latitude and longitude but when he says "most of Saint John" I take it he means more than half of the county?

Mr. Prudham: Well, yes; the most promising part from the standpoint of minerals.

Item 216 agreed to.

Mr. Pallett: I understand that the United States has recently prepared a map of that country and by merely looking at it you can ascertain the topography. You do not have to read the different levels of elevation because that is shown by degrees of colour. I understand it is quite a large job and I wondered if any similar project was being undertaken here?

Mr. Prudham: The particular map to which my hon. friend refers is a very nice map. I have seen it in many offices across Canada. Our department does that type of work for smaller areas only, for maps on the scale of eight miles to the inch. Although the map to which my hon. friend refers is an excellent map and serves the purpose of most people, it perhaps lacks the detail that would be required of our department, and therefore our maps are done on a smaller scale for a smaller area and in more detail.

Mr. Pallett: I appreciate that, but I wondered if any steps were being taken by the department. The minister says the map is

satisfactory for most people, and I understand that is what the government is supposed to be concerned about, most people. I just want to know if any steps are being taken by this department to prepare a map of Canada similar to the one which has been prepared for the United States?

Mr. Prudham: I understand that particular map retails for $40. We do not believe there is a sufficient demand for that type of map in Canada to go into a large scale production of it. For one thing, there is a private company in the field already. As I say, we do produce maps of smaller areas giving that type of information, and it has to be done precisely. I think we could point out features that are missing on that map. They are not important for the use to which most people put the map. I do not think our department could turn out even a small map without more precision as to detail.

Mr. Pallett: Once you move away the cotton batting from the minister's answer, Mr. Chairman, I gather the department is not making such a map and does not intend to make such a map. Is that correct?

Mr. Prudham: We have produced some but not on a large scale. It has been for local areas only, not for the whole of Canada.

Mr. Pallett: Is it the intention of the department to make it for the whole of Canada?

Mr. Prudham: No, Mr. Chairman. As I say, there is already a private enterpriser in the field and we think he is doing a good job, serving the public well and we do not intend to compete with him.

Item agreed to.

Geological surveys—

222. Administration, operation and maintenance, including the expenses of the national advisory committee on research in the geological sciences, an amount of $1,875 for Canada's share of the cost of the committee on mineral resources and geology, London, England, and an amount of $40,000 for grants in aid of geological research in Canadian universities, $2,314,954.

Mr. Harkness: This item has to do with geological surveys. I wonder whether the minister can outline to us briefly what type of geological surveys have been carried on during the past year and where? As far as these surveys are concerned, I would be interested to know particularly what division there may be between those for minerals in the ordinary sense of that term, gold, uranium base metals, and so forth, and petroleum products, oil and gas?

Mr. Prudham: Mr. Chairman, this department does not prospect for any one mineral. We provide the basic interpretation of the rocks, and it is up to the provincial governments and to private enterprise to do the prospecting.

Mr. Harkness: Mr. Chairman, I was not asking about prospecting; I was asking what type of surveys had been carried on and where.

Mr. Prudham: Mr. Chairman, I have a map here showing the location of all of our geological parties. I would be glad to supply this map to my hon. friend or to any other hon. member. There were 70 parties out in the field. They are not searching for any particular mineral; they are just trying to take some of the hazards, some of the risks out of the search that private enterprise carries on. We prepare the reports and maps of the basic geology and industry carries on from there.

Mr. Harkness: Perhaps I can put it in this way. In what parts of Canada were those surveys carried on in the past year?

Mr. Prudham: If my hon. friend would read the summary of activities, or the annual report, of the department he would find that information. On page 16 there is a map showing the distribution of the parties, and on page 17 there is a list. Does my hon. friend want this put on *Hansard* or not?

Mr. Harkness: No, I do not think there is any need to put it on *Hansard*.

The Chairman: Shall the item carry?

Mr. Nowlan: I notice in the Summary of Activities to which the minister has just referred, and which I think is something new—at least I had not seen it before—a summary of the activities of the department is given. I notice that on page 13 it says that a reorganization of the geological survey of Canada took place last year and resulted in six divisions and servicing units shown on the chart below. Actually, there are eight shown on the chart below. There are six squares which are larger than the two smaller ones at the bottom. Just what is meant by the sentence that there are six divisions and servicing units shown on the chart below? Does that include the smaller ones at the bottom, or is it simply a branch of some existing survey? What is the situation in the department now since this reorganization has taken place? How many branches did the minister have before, and how does it compare in so far as efficiency is concerned with the former organization? Before the minister answers that may I say I notice on the following page it says, shortly after dealing with the problem of geological survey:

The present top priority objective is to complete the preliminary reconnaissance mapping of Canada. About 2·8 million square miles are unmapped

geologically on even reconnaissance scales and sound long-term plans for national development and more detailed geological work cannot be made effectively until this reconnaissance has been completed.

The figure of 2·8 million square miles is, of course, a substantial mileage when you realize there is a terrific area in the north country, but I wonder how much has been mapped? How much has the department done throughout the years? I should like that information so that we can get some perspective of what is left. The minister says 2·8 million square miles are unmapped geologically on even reconnaissance scales. How much has been properly mapped, how much has been carried on on reconnaissance scales, and how long do the department and the minister think it will take before he will be able to complete this preliminary mapping which certainly is very essential to the geological development of this country? We do know that 228,000 miles were done last year, some of it by the use of helicopters, and I presume in a rather sketchy way, though there was that much progress made last year by one party, and 61,000 square miles were done by another party. Therefore, it is obvious that probably more was done last year than had been done in any preceding year. I would like to have the minister deal with that more fully in view of those comments on pages 13 and 14 of his summary.

Mr. Prudham: Mr. Chairman, the chart to which my hon. friend refers indicates eight branches of the geological survey. Six of these are scientific groups and the others are supporting groups. Two are really a service division supporting and compiling information the other groups obtain. The hon. member also asked what percentage of Canada has been mapped geologically. The answer is about 30 per cent. He also asks how long it will take to complete it. Is is very difficult to say. We are by the new methods, by the use of helicopters, speeding up the work. As I said in my statement yesterday, we are now able to do in one year what we would take 25 years to do by the conventional ground parties. I would guess it would take another couple of decades to complete the preliminary geological reconnaissances, and it is certain that the geological survey will have plenty of work to do for the next 100 years.

Mr. Harkness: Can the minister tell us whether any reports have been issued as a result of the surveys made, or have any other steps been taken to make available the information secured to those who might be interested in it or could make use of it? I have in mind particularly quite a comprehensive report on the oil and gas resources of the dominion which was issued a number of years ago by the department, and I was wondering whether anything of the same type had been issued recently, or particularly as a result of the last two years' surveys?

Mr. Prudham: The department issues topical reports every year on oil and gas. We do try to keep up to date with the reports, particularly those that are of major interest. If my hon. friend would like to be put on the mailing list it could be arranged. Perhaps he would like to pay attention to these cards that come from the queen's printer from time to time; I think he would find a complete list of the reports.

Mr. Harkness: The cards referred to, Mr. Chairman, are chiefly concerned with maps.

Mr. Prudham: No.

Mr. Harkness: I receive those cards indicating what maps are being put out but the thing that strikes me is this. There is no use of the department securing a great deal of geological information and then sitting on it. If it is going to be of any use to the country it is necessary for that information to get into the hands of the people who can make use of it, the people engaged in the various mining industries, prospecting and things of that nature. I think it is important that the department should disseminate the information it secures and put it into the hands of people who can make use of it as a result of which new wealth may be developed in the country.

The particular report to which I referred was a splendid one and served a useful purpose but it is the only comprehensive report concerning information secured by the geological surveys branch which I know of having been issued and that is why I asked if any other reports of this nature had been issued. I take it from what the minister said there have not been and I think it would be highly desirable if much more were done along this line in order that this information may be disseminated to interested people.

Mr. Prudham: Mr. Chairman, my hon. friend has made a good suggestion but actually that is being done. We have an item in our estimates for $216,000 for the publishing of reports and they are distributed through the queen's printer as well as by our own department.

I have here two postcards prepared by our department and sent out to our mailing list and they are usually recorded in the mining journals. Here is one which reads:

Advance Notice—Aeromagnetic Series—Scale 1 inch to 1 mile.

Geophysics Paper, Advance Edition, Crackingstone, Saskatchewan.

Geophysics Paper, Advance Edition, Forget Lake, Saskatchewan.

Geophysics Paper, Advance Edition, Goldfields, Saskatchewan.

These papers will be released on above date, and may be obtained in person or by written application to Room 308, National Museum Building, McLeod Street, Ottawa.

I have another postcard which reads:

Recent Publications of the Geological Survey of Canada—March 12, 1956.

National advisory committee on research in the geological sciences. Fifth annual report 1954-55, (including survey of current research in the geological sciences in Canada 1954-55). Price 50 cents.

Geophysics paper; aeromagnetic map, Puddle Pond, Newfoundland.

Geophysics paper; aeromagnetic map, Harrys River, Newfoundland.

Geophysics paper, aeromagnetic map, Serpentine, Newfoundland.

Renfrew and Lanark counties, Ontario,—map.

And so on. These postcards are issued regularly as reports are ready for publication and anyone interested would be very well advised to keep in touch with our department. I do know that several of the major discoveries that have been made in recent years have been based on reports issued by this department, some of them going back 15, 20 or more years.

I have here the report of the special committee on research, minutes of proceedings and evidence No. 10, Atomic Energy of Canada Limited. This is dated June 7, 1956 and I would like to read one extract from the evidence presented by Mr. W. J. Bennett on the subject of raw materials. On page 329 of the report I find the following:

First, it is necessary to find economic deposits of uranium. Here, the geological reports and maps which are prepared by the geological survey of Canada are of inestimable value in determining what areas are favourable to the deposition of uranium. It is significant, I think that the discoveries made in the four main uranium-producing areas—Great Bear Lake, the east end of Lake Athabasca, Blind River and Bancroft, all resulted from reports prepared by the geological survey.

Mr. MacLean: Mr. Chairman, I notice in the details of this item on page 293 there is an item of $18,000 for printing maps. Do I understand that is a sort of bookkeeping entry within the department so the expenditure will be shown against the proper branch, or am I to understand the geological survey gets maps of its own printed by outside contractors or by the queen's printer directly? What is the position there?

Mr. Prudham: The geological survey publishes its own maps through the map reproduction division with the exception, as I said, of complicated colour maps which are farmed out through the queen's printer by private contract. This year the estimated amount for this outside contracting is $18,000.

Mr. MacLean: The minister gave us some very interesting information on the efficiency of surveys made by the use of helicopters and aircraft as compared with having to go into difficult terrain by some other means. I notice in the breakdown that under the item "chartered aircraft" this item is down from $330,000 to $85,000. Would the minister give an explanation of that and also would he give the names of the contractors concerned if it is not an extremely long list? I should also like to know whether this work is let by tender or by an agreement of some other sort?

Mr. Prudham: The reason the amount is down is that we had a very expensive operation in the Queen Elizabeth islands last year.

I have here the list of contracts for last year. It is quite lengthy but if my hon. friend would care to have me do so I could read it.

We do call for tenders but the work is allotted on the basis of the ability of the contractor and at the rates prescribed by the air transport board.

The list of contracts is as follows:

Superior Airways Limited, Fort William, $17,500.
Whitehorse Flying Services Limited, $35,000.
Boreal Airways Limited, St. Felicien, Quebec, $30,000.
Pacific Western Airlines Limited, Vancouver, $18,600.
Associated Helicopters Limited, Edmonton, $101,200.
Spartan Air Services Limited, Ottawa, $140,000.
Okanagan Helicopters Limited, Vancouver, $203,000.
Arctic Wings Limited, Ottawa, $30,475.
Spartan Air Services Limited, $93,500.
Spartan Air Services Limited, Ottawa, $104,000.

Mr. MacLean: I have a further question but I am not quite sure that this is the right item under which to ask it. I think perhaps it might be better asked under the item concerning the observatory but if I am on the wrong item perhaps the minister would sort of take my question as notice and answer it at the proper time.

I notice in the summary of activities for 1955 in the introduction there is a paragraph which says that preparations were begun for Canada's participation in the international geophysical year 1957-58 and I wonder if the minister at the appropriate time would make some comment concerning what plans exist regarding Canada's contribution to this international effort?

Mr. Prudham: Under the observatory.

Mr. Nowlan: There is a grant of $40,000 in aid of geological research in Canadian universities and I should like to have a breakdown of that. Is the grant given to the universities themselves or is it in the

form of scholarships? How does this amount compare with what was paid out last year?

Mr. Prudham: The amount is under review by the national advisory council and we have not yet received the allocations. There are representatives of the department, of the universities, of the provincial governments and of industry on that body. The amount spent last year was between $23,000 and $24,000.

Mr. Nowlan: How was that paid out last year?

Mr. Prudham: I am sorry, I have not that information here but I can send it to my hon. friend. I understand that these amounts are allocated to universities for special projects rather than trying to make a uniform distribution. A university willing to undertake a certain project will receive consideration.

Mr. Nowlan: I presume the minister will have this information available in his office and perhaps we could have it some time after the luncheon recess as I do not think we will be through the departmental items before one o'clock.

Item agreed to.

Mines branch—

224. Mines branch administration, $95,968.

Mr. Nowlan: I did not hear the minister's opening statement yesterday and therefore do not know what he may have said about administration. My *Hansard* for yesterday has not yet come to hand. I understand that the deputy minister is on leave and I should like to know just what is the situation. There are a director of the mines branch, a director of geological surveys and other directors of other branches in the department. How are they correlated in so far as general administration is concerned? Are these directors working under the direction of the deputy minister, and if the deputy minister has not returned, when will he be back and what is proposed to be done in that connection?

Mr. Prudham: I made a statement on that last night and perhaps my hon. friend could consult *Hansard*.

Item agreed to.

227. To provide for payment to McGill University in connection with the development of a coal-fired gas turbine, $50,000.

Mr. Harkness: Could the minister give us an outline of the more recent developments in connection with the research being carried on by McGill University in an effort to develop a practical coal-fired gas turbine. This is a matter of extreme importance because it is possible that the future of a good deal of our coal industry depends upon the development of a successful turbine of this kind which would provide a market for much of the coal which has been lost through the use of fuel oil in locomotives. This project has been going on for seven or eight years and I do not think we have had any information for the past two or three years as to how close to success it is. I believe a coal-fired turbine was produced as far back as four or five years but there were a number of bugs which had to be ironed out and also the question of producing it in a size which could be used in a locomotive.

Mr. Prudham: The matter is still in the experimental stage, but Professor Mordell is quite optimistic. He has obtained some fundamental and valuable information from the experiments which have been carried on so far. They have had many difficulties. As I stated in my introductory remarks, they had to make revisions in the heat exchanger and the combustion chamber and so on, but recently they had some success in the continuous operation of the turbine. I received a letter the other day from Professor Mordell saying that they had had a long uninterrupted run. It is necessary to have a large number of hours of continuous operation in order to evaluate fuel savings and economy of operation.

It is proposed to have a symposium this fall of all interested parties in order to make a study of the results obtained to date. I would not like to hazard an opinion as to what the report will be although, as I say, Professor Mordell is quite optimistic. Not being a scientist I have to take his word for it. Certainly they are making an all-out effort to attain success. It took some 50 years to develop the diesel engine to its present stage of perfection, and considering the length of time that this experiment has been under way I think they are making good progress.

It remains to be seen whether it will be of value to the coal industry. Professor Mordell estimates that the fuel saving on a locomotive will be between $20,000 and $50,000 a year, but that remains to be proved. Theoretically that is the possible saving. They are considering the possible application to locomotives as well as to stationary engines for power development purposes. The latest letter I received from Professor Mordell indicates that they will be soon far enough along and have enough information to proceed with the development of a stationary power unit. It is hoped that the symposium will bring out sufficient facts to interest private enterprise in continuing with the development of an engine.

Mr. Harkness: Is there just the one experimental model and is there a model which would be suitable for use in a locomotive?

Mr. Prudham: There is only the one model, which is quite cumbersome, but the principles they have evolved and the information they have obtained could be applied eventually to a smaller model.

Mr. Harkness: That was the point I had in mind and I think that was the general information we obtained some years ago. I was wondering whether anything had been done in the way of constructing a smaller model which might be adapted to use in a locomotive or in a small power plant. Has anything along that line been done so far?

Mr. Prudham: No.

Mr. Johnston (Bow River): I should like to ask the minister a supplementary question along that line. Possibly he can inform the house whether or not there is an experimental coal fired gas turbine engine in operation in the United States. I understand there is one already installed in a railway engine which is operating. It is true that it is in the experimental stage but they actually have one on the road. Can the minister tell us what progress has been made over there in this type of development and if our engineers here are working in co-operation with those in the United States along the same line?

Mr. Prudham: Professor Mordell and his associates are very well informed about what is taking place in the United States, Great Britain and other parts of the world. I understand that their experiment has an entirely different approach from that being used in other countries. I understand that in other countries they are driving the hot gases from the combustion of the coal directly through the turbine whereas here they are using heat exchangers which will prevent the fly ash from going directly into the turbine and wearing out or corroding the blades of the turbine. They think this is a decidedly better approach and, if successful, will be superior to anything being developed elsewhere.

Mr. Nowlan: Mr. Chairman, as the minister will remember, I have spoken on this item in other years, and I do think that if there is one place where the department is open to more criticism than others it is in connection with this particular item. As the hon. member for Calgary North said a few moments ago, we have had this item in the estimates now for many years, six or seven years, I think, since we started voting money towards the development of this engine.

I remember that last year the member for Cape Breton South practically stated that in his opinion it was a fruitless effort and that the development had been so disappointing that nothing more should be expected of it. However, as the minister says, Professor Mordell is very optimistic. Nevertheless, I do not think it is any answer at all for the minister to say that after all it took 10, 15 or 20 years to develop the diesel engine. There was not the great pressure to come ahead with that production because it was at least in competition with existing motive power.

If 50 per cent of the hopes of the people who are close to this project could be realized, it would make the most profound difference to the coal industry of anything that could be accomplished in this country. Whether Professor Mordell is right or not I do not know. As the minister says, he is not a scientist and certainly I am not, but my quarrel is that we have not gone far enough in dealing with this matter one way or the other. Surely we should have had the answers before this. I am not criticizing Professor Mordell at all. I think he has done a wonderful job.

But this matter has been approached from the viewpoint of an experimental project in a university laboratory. That is virtually the approach to it. It is an interesting problem. Let us give them some money and see what they can do with it. I do think, in fairness to the minister, that probably there has not been any great emphasis by Professor Mordell on getting more money. As I said, it has been a matter of a scientific, intellectual experiment which has great possibilities, but let us not disturb the serenity of the laboratory. In the meantime the coal industry is threatened with extinction.

We know that tremendous developments took place during the war in the production of airplanes within a period of months because the resources of the nation were turned loose, bottlenecks were overcome, bugs, to use somebody's expression, were taken out, and you had the project completed. This engine, according to the minister's summary, ran for 300 hours last year. There is some achievement in getting an engine that ran for 300 hours. However, apparently there is trouble with the ash blast, there is some corrosion and there are other problems such as that to be solved.

But Professor Mordell says that this engine is going to be so far ahead of the diesel when he gets it completed that diesels are going to be almost outmoded. I suggested last year that it was most unfortunate that the railways had proceeded so quickly with dieselization when this engine was still in the experimental stage and might even be at the practical stage. I have a statement here

from the press of last summer in which Professor Mordell said that this engine would reduce costs and would be far more efficient than the diesel engine. Mr. Lionel Forsyth, president of Dosco, made this statement:

> I believe that the only way to find out whether it is the real answer to the motive problem is to build it, and try it on the rails.

He went on to say that if they wanted to they could have done that that year, in 1955. Well, this year we are voting $50,000 towards the project compared with $110,000 the year before. We either should not be voting a cent or we should be voting enough to clean it up and get it over with. Let us stop this horsing around with this thing. Nothing has been more poorly handled than this particular project which offers such tremendous possibilities to eastern Canada, Alberta and other sections which are interested in coal. We do not know yet whether or not it is going to work but here you have the president of Dosco saying, "Put it on the rails and try it out." Here you have the man to whom we have been paying the money, a man in whom we apparently have confidence, the man who has done a great deal in developing it, one of Canada's eminent scientists, saying that it is the most superior form of motive power yet developed and that it is going to be the solution to the problem of the coal industry and everything else.

Perhaps we are holding it back deliberately until all the diesels become outmoded so that the C.N.R. and the C.P.R. will not have to write them off too quickly. There must be some explanation for the delay. The hon. member for Bow River referred to another experiment a few moments ago. My information, and frankly I get it from the general manager in Dosco in Cape Breton, is that in Great Britain they have an engine, perhaps produced by a different approach—

Mr. Gillis: They had one 50 years ago and 30 years ago in the United States.

Mr. Nowlan: —and they have one in the United States. They are convinced they have solved the problem. Whether we have made the right approach I do not know. The minister says our approach is better. I hope that is so, but let us stop approaching and let us get there because there is something radically wrong with our approach when something so vital to the country as this is has been allowed to dilly-dally as long as it has. We see now that this year the proposed expenditure is reduced by 50 per cent. I am not urging increased expenditures on an over-all basis or anything of that kind, but I do say that either this expenditure should be cut out entirely or we should put all our resources back of it and get it over with. I suggest, with all due respect to Professor Mordell, that we take the experiment out of the university laboratory. Let us get some commercial engineering firm and give them a contract so that with Professor Mordell's assistance and with all the money necessary they may try it out and bring it to a conclusion one way or the other so that we will know whether we have something here that may be of tremendous importance both to our transportation systems, because they need efficient transportation, and also to the coal industry.

I hope that the minister will reconsider this matter and will put his emphasis behind it. I am quite sure that this committee and parliament will be very glad to vote additional moneys if they are necessary, and they obviously are. The amount of $50,000 is not going to finish the project in any way, shape or form. Let us get behind it and get it settled one way or the other this year.

Mr. Gillis: Mr. Chairman, I only rise at this time because the member for Digby-Annapolis-Kings paraphrased rather badly what I had to say last year. Four years ago I went down and had a look at the experiment. The minister was good enough to organize a delegation of members to go down and have a look at it. I was interested in it because the press, in my judgment a bad source of information, were playing up this experiment as the solution of the problem of the coal industry of Canada. It was the miracle that was going to put coal in competition with natural gas, oil and all the rest of it. It was going to revolutionize our transportation system, particularly the railways. I wanted to go down and look at this thing because I had heard a lot of talk about it and had read about it. So along with the minister and members of the House of Commons I went down and looked it over. The coal-fired gas turbine engine is not a new thing. They had that type of engine 50 years ago in a locomotive in Britain but it did not work. They had it 30 years ago in the United States and it did not work. The difficulty always has been to find a cooling system that will prevent the burning off of the blades of the engine. They could not find a solution and they abandoned the idea a long time ago. What Professor Mordell is working on now is not a new type of engine. What he is trying to find is a cooling system that will enable the blades of the engine to stand up to the terrific heat.

At the time when I came back I did not say what was put on the record by the hon. member for Digby-Annapolis-Kings. I said that as far as that engine going to save the

coal industry was concerned, it was at least 10 years away from any commercial use. I might say that in discussing this matter with the president of the C.N.R. in committee on several occasions, I made that statement and he said that in his judgment I was a realist, that it was not going to perform overnight the miracles that the press would lead you to believe. My concern was that I wanted something done to assist the coal industry rather than pin our hopes on something that might or might not help. It certainly would not solve the problem. At far as saving Alberta's coal industry is concerned, there is not any to save. It is fairly well gone. That is equally true of the British Columbia industry. Those industries are gone. The coal industry is gone in the west but it has been replaced by oil and gas. Quite a chunk of the Nova Scotia industry is also gone beyond repair. The thing we want to understand is that we do not want to keep on having false hopes on the question of saving the coal industry.

I went into this question fully last night and I expressed the opinion that the C.N.R. and the C.P.R. are dieselizing the railways from coast to coast. They are making an investment that it will take at least 10 years to write off. At the present time they are dieselizing the railways in Newfoundland. That is their program and they are going ahead with it.

It was stated on several occasions that this engine is interchangeable with the present diesel units, and that you could instal this type of engine with the present diesel unit. You cannot do that. I found that out fairly definitely. I also found out that before they can adapt that engine to a locomotive, the C.N.R. will have to send in some of their engineers and technicians to work on that experiment and build a locomotive to which that type of engine is adaptable. What does that add up to? First, you must get the C.N.R. interested to the point where they are going to come in and work on it.

With respect to asking the minister to solve the problem, may I say that he is not an engineer. He knows about as much about it as I do. He had a look at it, and you are obliged to depend on what people tell you. But if there is a solution for the coal industry in this particular experiment, why is not the coal industry sufficiently interested? The hon. member for Digby-Annapolis-Kings says the president of the coal company, Mr. Forsyth, said: Get it on the rails and get it running. If it means that much to that corporation, why are they not contributing to the experiment? Why have they not some engineers working on it? They have engineers, and good ones. Why are they not putting some money into the thing? If that industry is going to benefit to the extent suggested by the press and others, then they should be "in there pitching" and trying to find a solution.

As I said last night, I do not believe in keeping my head in the sand. I want to get done for the industry something that is going to mean something to it. I said last night that in my judgment, after looking at the engine, I figured that it would perhaps be an excellent marine engine if they can find what Professor Mordell is looking for, or it would be an excellent engine by means of which to generate power for small power plants. But even if it were installed on the C.N.R., if it were to perform so as to affect the economies in fuel which they say it will effect, it is not going to use much coal, and it still is not much of a solution for the coal industry.

I do not know what is going on in the United States although I have seen some reports in the press. But if they have perfected that engine to the point where they can operate it in a locomotive, why are we wasting time in searching? Why do we not get the information from there and put it to use instead of spending money on an experiment of our own? I think that would be the logical thing to do. However, as I said, I do not know any more than what I have seen in the press as to what is going on in the United States. Nevertheless, I know this. Unless there is a big development in thermal power—and I think that is one of the solutions for the coal industry—there is not much hope.

I have never objected to this grant. We have spent $650,000 so far on the experiment. I have said right along that it is justified on the ground of being a grant to McGill University so as to enable engineering students to sit in there and study and work on that proposition. There were quite a few of them around there the day we were looking at it.

I think it would not be a bad idea if the minister had another pilgrimage and took down there a group of members from this house who are interested and had another look at it, talked to Professor Mordell and found out from him directly when this engine might be of some commercial use, and what the possibilities are of getting the co-operation of the C.N.R. and of industry that is going to benefit financially and from an engineering standpoint. With the interest that has now been created, I think another trip down there would result in bringing back to this house some concrete information that would prevent in the future any speculation or the posing of hypothetical questions that cannot be answered.

Mr. Byrne: Mr. Chairman, I have left the matter of the coal industry to this very item. I know it certainly is not the solution to the condition in which the coal industry finds itself today. However, it is a program which, if successful, anticipates the large consumption of coal. I cannot agree with the hon. member for Cape Breton South that an embargo on coal is the solution. In western Canada, particularly in British Columbia, we have in the United States a large market for coal and coal products. Our coke and other by-products of coal are being shipped in large quantities to the western states. Then again much of the other product of the mining industry finds a market in the United States. If an embargo were to be imposed on coal in eastern Canada, it follows that there would be some sanctions against our products in western Canada.

I have been interested in this Mordell experiment since first coming to Ottawa in 1949 and I have followed it fairly closely. I believe the problem now is that in the heat exchangers corrosion is taking place owing to sulphur in the fuel itself. It is not a serious problem and it is different entirely from that suggested by the hon. member for Cape Breton South in that it is not corrosion of the blades of the turbine. There is no corrosion to the blades as the gas flowing through the turbine is pure air. The heat exchanger through which the burning gas is driven certainly is the place that takes the strain from the burning of the gases. When it has been determined that a proper alloy can be fabricated for the lining of the tubes in the heat exchanger, I believe the problem will be pretty well solved.

One only has to stand opposite or ride in an aeroplane such as the North Star to realize the wear and tear from vibration that is the consequence of that type of motor. Then, if one rides in a Viscount, which has a turbine type of motor, one realizes the very great advantage of the turbine engine for this use or any other. Even now the railroads are finding the maintenance of diesel locomotives quite a large factor in their operating costs. I understand that they are having considerable difficulty with the pistons. Anyone who knows anything about mechanics realizes that the very high compression, which is part of diesel locomotion, results in a great deal of wear and tear and vibration which is not one of the factors of a turbine motor. In every respect, therefore, the turbine is a much more efficient operation.

I believe that we are overlooking a particularly significant development here and that we should put more money not only into the development of the coal-fired gas turbine, but in the processing of coal for other purposes. Sitting on the research committee for this past session, I have found that we are spending many millions of dollars in research into other aspects of industry. Specifically, we are spending millions of dollars for the development of atomic energy for peaceful purposes. I think that other plans and developments are being dwarfed by this great desire to rush into the development of atomic energy, while we are allowing other more simplified fuel elements to go by the board. The fuel element in an atomic reactor is a very expensive product. It requires large mining operations, great milling operations, and then the cost only begins to materialize after having gone through those processes. Coal may be obtained on the surface in many places in Canada simply by going in with great shovels and stripping the overburden. Coal has been the lifeblood of the nation for many years, and may well be in the future. We know that we have coal reserves for up to a thousand years at the present rate of consumption.

It is, therefore, my belief that having regard to all those factors and the particular benefits of turbine motors as opposed to internal combustion motors, the coal industry itself and the people who work in that industry, instead of voting $50,000 this year we should be voting something over a million dollars. Apparently, this $50,000 is all that is required at the present time to complete this very limited experiment that is taking place at McGill University. When one visits the installation there one has the feeling that they are actually hampered, in a sense, by the lack of interest and the inadequacy of funds which are provided for this purpose. They go for many months unable to carry out a certain experiment because some particular plant does not seem able to supply them with the necessary implements. It seems to me we are not providing sufficient funds for the experiment itself. I feel that we should appropriate more money for this particular experiment, and certainly for other experiments in the use of coal.

Mr. Prudham: Before the committee rises, I wonder if I might be permitted to supply the information requested by the hon. member for Digby-Annapolis-Kings, and give the names of universities receiving grants in connection with the geological sciences. The University of Alberta received $750. The applicant was Dr. R. E. Folinsbee. There was also another $1,000 granted in connection with the growth of silicates under low temperature and pressure and temperature conditions. The applicant was Dr. J. D. Godfrey. Then there was $400 for chemical analysis of clay fractions of marine and non-marine cretaceous shales. The applicant was Dr. C. P. Gravenor.

The University of British Columbia received a grant of $960 in connection with the weathering of ores under surface and underground conditions. The applicant was Dr. H. C. Gunning. There was a $1400 item biogeochemistry of cobalt and nickel, and the applicant was Dr. H. V. Warren. The University of Manitoba received $2,200 in connection with the analysis of rocks by induced radioactivity. The applicants were Drs. G. M. Brownell and H. D. B. Wilson. McGill University received $3,400 in connection with silicate and sulphide phase relationships. The applicants were Drs. J. E. Gill, V. A. Saull and E. H. Kranck. There was another $250 in connection with enthalpy changes in metamorphism, and the applicant was Dr. V. A. Saull. McMaster University received $800 in connection with geochemical studies of metamorphic rocks and minerals. The applicant was Dr. D. M. Shaw. Queen's University received $2,700 in connection with spectrographic methods of analysis of minerals, rocks and ores. The applicant was Dr. J. E. Hawley. There was another $3,000 in connection with X-ray spectrographic analysis of minerals, and the applicant was Dr. L. G. Berry. The University of Toronto received $5,392 in connection with geological age determinations. The applicant was Dr. J. T. Wilson. The University of Western Ontario received $1,000 in connection with the study of pleistocene stratigraphy along lakes Huron and Erie. The applicants were Dr. G. H. Reavely and A. Dreimanis. Then there was another $900 in connection with scale model experiments of airborne electro-magnetic prospecting. The applicant was Dr. R. J. Uffen.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

The Deputy Chairman: Order. Item No. 227.

Mr. Blackmore: Mr. Chairman, before this item carries I would just like to remind the minister that the constituency I have the honour to represent in this house is an important coal-producing constituency, and that the coal mines in that area are in a very depressed condition. I would ask him to be sure to do all he possibly can to find out what can be done, if anything can be done, to alleviate the condition of the coal areas.

Mr. Nowlan: Is the minister going to say anything further on this matter? As I understand the discussion which has taken place so far, the suggestion is the problem is one of mastering the heat which is generated by this engine, and that that is perhaps the most difficult problem with which the department is confronted. It does seem to me the same problem has been met in other industries. One can think of the aircraft industry, for instance, where the heat problem must be as great as in this one. We read today of experiments being carried out with guided missiles where the heat factor caused by friction is the greatest problem confronting the engineers, and they are attempting to meet that. According to the press, the United States government at the moment is carrying out experiments to send a satellite planet drifting around and around in the atmosphere, and one which can survive all of the heat tension to which it will be subjected. It would seem that if there is sufficient concentration of effort placed upon this problem from a technical and scientific point of view, the difficulty will be solved in the relatively near future.

The criticism which was expressed this morning was based on the minister not spending enough money on it rather than the criticism we sometimes hear that he is spending too much. He should give some explanation as to why the expenditure is being reduced this year instead of being augmented so that this matter may be brought to finality one way or another in the near future.

Mr. Prudham: The hon. member was not here yesterday. Perhaps he does not know that the Minister of Finance has also asked for a supplementary estimate of $50,000 for this project which will carry the program through until the end of this year. This project has never been held up for want of money. Professor Mordell would be the first to tell him that.

The hon. member has mentioned the difficulties they have with the heat exchanger. One of the problems was to find a metal or an alloy that would resist the corrosion from the sulphur in the coal and other chemical reactions. They built a heat exchanger using several different metals in order to find out which metal resisted the corrosion and would be suitable for continuous operation. They have now reached conclusions in that regard. They know the metals, or at least they have decided on one that seems to stand up, and when the new heat exchanger is built, when a locomotive or some other type of plant is built, they have information that will be of value. I do not think that the experiment has reached the stage yet—perhaps they are nearing it—where a larger expenditure would be warranted. They have to proceed slowly and accumulate information as they go along.

I am sure they could not have been pushed faster than they have been up to the present time. After the meeting this fall, which they propose to hold, there may be enough information to justify an all-out effort to start the practical application of the experiment.

Item agreed to.

228. Geographical branch—administration, operation and maintenance, including a grant of $250 to the Canadian association of geographers, $283,386.

Mr. Nowlan: Item 228 has to do with the geographical branch, Mr. Chairman. I think it is under this branch that the atlas of Canada—I think that is the name of it—is being prepared. It was obvious yesterday from the minister's statement—as a matter of fact he admitted it—that he was disappointed in the progress which has been made on this atlas heretofore. It will be remembered that he discussed it a year ago and at that time told us he hoped it would be prepared within a year. Another year goes by and he says it will be at least one more year before the atlas can be brought to completion. The committee should get more information with respect to this, Mr. Chairman. I am not sure how long this atlas has been in the course of preparation. The minister refers to it at page 109 of the annual report of the department. It is indicated there that it is a most comprehensive document. It deals with mammals, plants, birds and fish, and all the natural resources of Canada, population statistics, and so forth, in addition to the usual material which is found in an atlas. I believe this was first conceived, thought of or suggested by the late prime minister, Mr. Mackenzie King, when he was prime minister, and it has been in the course of preparation for some years. The minister should tell us how long it has been in course of preparation, what it has cost us to date, who is in charge of it and when he thinks it will be completed. You can see by reading between the lines, Mr. Chairman, that many of the charts which have been prepared up to now must be out of date by this time, and if we keep on waiting to get it finalized we shall never get this book into production because when the final charts are completed the first ones will be out of date, and the book will be useless. Apparently, it is a mammoth production which they have in mind and not too much progress has been made. From the reports and suggestions heard in the city of Ottawa this is one matter on which there has been a great deal more confusion than accomplishment. The minister should give us some concrete information with respect to this matter before the item passes.

Mr. Herridge: Mr. Chairman, very briefly I want to support the remarks made yesterday by the hon. member for Yukon concerning the good work being done by the Canadian geographical society. I am not going to repeat the excellent review and plea he made, but I do want to emphasize the interests of a good many of our members in the work of this organization, particularly in its publication of the *Canadian Geographical Journal,* the publication of booklets on provincial aspects of development and publications concerning industrial development and also the publication of that excellent book, Image of Canada, which I think does great credit to those who are responsible for its publication, and also for the carrying of the lectures which were commenced by Mr. Francis Younghusband, I think, in 1930. As a matter of fact I had a chap working for me once who was on that expedition. It was a most interesting expedition. I might also refer to the good work done by the society in granting scholarships in geography and the limited support, but to the extent of their financial ability, to the Baffin Land expedition of 1950 and 1953 and the support of the investigation of the Churchill region, and last but not least, the excellent sponsoring of certain documentary films. These activities are performing a great service for Canada which I think should be recognized in this committee.

In my opinion, Mr. Chairman, the devotion and voluntary effort of those who have guided this society in the past and are guiding it today—and it has some excellent heads—warrants the support of every member in this house as a representative of the people. I think all of us who recognize this good work and all who are interested in this country should do what we can, each in his own way, to support the work of this society. I think that should also be the attitude of the Canadian people generally. They could assist very greatly by subscribing in larger numbers to the journal, by universities subscribing, and libraries, high schools, public schools, community organizations and service clubs. I think the society would be greatly helped in its finances if all these people would take an interest in it and chip in their little bit. I think the government could assist, where proper and possible, through its publications by bringing the attention of the Canadian public to the good work that is being undertaken by the Canadian geographical society.

Mr. Prudham: Mr. Chairman, with regard to the atlas there is a very precise statement

in our annual report and I think perhaps I should put that on the record:

> Because of the increased attention to other projects less headway than was hoped for was made toward completion of the atlas of Canada. Data for the plates dealing with ranges of plants (other than trees), principal mammals, birds and fish, profiles of major rivers, and population origin and citizenship were received from the contributing departments,—

That is, other departments of government.

> —and preliminary compilation was started. Preliminary compilation was completed for 23 plates in the agricultural section; and of the plates dealing with types of settlement, land use and functional plans of major cities, and population distribution. Detailed specifications for 5 base maps were completed. Final draughting of the 1:10,000,000, 1:20,000,000 and 1:50,000,000 base maps was completed and stocks of blue line prints were delivered. Final draughting of the remaining bases and five of the plates in the historical section was commenced.

I have a more recent report here which indicates that six plates were printed, five are in the proof stage, five in the photographic colour stage and eight in addition are now in the hands of the printers. This applies only to the English edition and nothing has been done on the French edition as yet. Information has been received from all other departments of government. There will be over 100 plates in all and the information for those plates is mostly at hand and is gradually being compiled for reproduction.

As the statement says, other projects have come up which seemed to have greater priority. One was the survey of the population and industry in the area affected by the St. Lawrence seaway development. The department did a great deal of work there for the Ontario hydro and the Ontario government and, as I mentioned yesterday, it has done a great deal of work for civil defence for the Department of National Health and Welfare. These projects have been of urgent importance and required immediate attention and consequently the work on the atlas has lagged. We hope to speed it up this year and I sincerely hope we will have a better report on progress next year.

Mr. Nowlan: Mr. Chairman, I wonder if the minister could answer these questions: When was this project first started? How long has it been in process? How many people are employed in this work; that is, how many officials of the department? Who under the minister is responsible for it and what has it cost approximately to date?

Mr. Prudham: It is very difficult to separate the cost from the other costs of the branch. We do know there are seven or eight people working full time and many others are working part time on this project. The man in charge of the division at this time is Mr. Nicholson. Dr. Watson, the former head of the division, left us a year or so ago to take other employment.

Item agreed to.

General—

232. To provide for purchases of air photography and the expenses of the interdepartmental committee on air surveys, including purchases of equipment, $1,500,000.

Mr. Johnston (Bow River): Mr. Chairman, before this item passes there are one or two comments I wish to make, and while the matter I wish to mention does not come under this particular item I do not know where else I could bring it in because it is not included in any other part of the estimates. What I want to ask the minister about is the research with regard to the extraction of oil from the Athabasca tar sands.

During the last war the federal government took a keen interest in trying to develop a process whereby this oil could be extracted from the sands. As the minister knows, this is one of the largest oil deposits in the world. I think the estimate is about 200 billion barrels. In view of the fact that the British empire would be in a very precarious position in the event of another war because of oil supplies, it seems to me we should be making some effort during this period of peace to develop a process that would extract the oil from the tar sands.

Even today, Mr. Chairman, we find that the British particularly are in a rather embarrassing position with regard to the oil which they secured from Iraq and Iran and other Persian gulf areas. It could happen in the event of war that we in this country would also find ourselves in an exceedingly embarrassing position so far as oil supplies are concerned if something is not done.

I know that in the west we have been doing a tremendous amount of development in the drilling of oil wells and we are producing a rather large quantity of oil and I suppose that amount will be increased as time goes on; but I doubt very much that we will ever get to the point in western Canada where we could supply from drilled wells all of the needs of Canada and the North American continent in the event of an emergency, although we could do that very easily if we developed the proper method of extracting oil from the Athabasca tar sands.

In view of the fact that these tremendous potentialities exist and in view of the fact the federal government itself did quite a good deal of exploratory preparation with regard to the possibility of extracting this oil, I think we should be doing something about it in this peacetime period. I know

the provincial government in Alberta has been making rapid progress in the development of the extraction of oil from the tar sands and I think they are working closely in co-operation with some of the large oil companies. I am well aware of the progress that is being made and I am equally well aware of the tremendous effort they are making to extract the oil from the Athabasca tar sands, but I think there should be some supplementary effort, exploration and possibly scientific development on the part of the federal government in order to still further expedite the extraction of this oil particularly now in peacetime so that we will have it in the event of an emergency should that time ever arise. Could the minister tell us something about that at this time?

Mr. Prudham: Mr. Chairman, the hon. member for Bow River has referred to the problem of extracting oil from the tar sands. Our department is of the opinion that this is not the major problem at the moment. At least two methods have been devised for separating the sand from the oil.

The most important problem seems to be the treatment of the bitumen and the resulting oil which must be treated in order to permit it to flow through a pipe line, and then breaking it down into its various components and removing the sulphur. To that end we are undertaking experiments at the mines branch. It is a high-pressure experiment. Before we embarked on this project we consulted with the United States bureau of mines and it was decided that Canada should undertake the high-pressure treatment experiment and they would undertake the low-pressure.

We have had great difficulty getting high-pressure vessels which are necessary for the experiment. It is only recently that the plants to which we looked for the manufacture of these vessels were able to produce them for us because of orders they had for defence and other reasons. We now have all the high-pressure vessels required and we expect to be able to proceed with the experiment this year.

Mr. Johnston (Bow River): Why is there no item to deal with that? You are showing the amount of money which has been expended and the effort being put forth in regard to this. Surely if we are making the effort which the minister has indicated there should be some item here to take care of that and we should be kept up to date on the progress being made. Generally speaking I think the belief is that nothing is being done now, that things are just being left idle. I am glad the minister has been able to tell us that they are still carrying on, but I should like to know to what extent financially we are assisting in this development and just what progress it is expected will be made.

Mr. Prudham: I think the details of that would come under item 225. The actual cost of the equipment being assembled for this experiment has been spread over two or three years and I do not have the total amount expended.

Mr. Johnston (Bow River): What would be an estimate?

Mr. Prudham: We think the equipment would cost about $150,000.

Mr. Barnett: Is the work to which the minister has just referred correlated with work which I understand is being done by the national research council? I remember seeing a couple of years ago a pilot plant which had been set up. Has that work been discontinued or what is the relationship between the activities of the department and those of the national research council?

Mr. Prudham: The work we are undertaking is closely correlated with what has been and is being done by the national research council. Ours is a high-pressure experiment. I am not just sure of the technical terms that should be applied to the work they have been doing, but it is closely correlated.

Mr. Johnston (Bow River): Is that experiment being carried on here in Ottawa?

Mr. Prudham: Yes.

Mr. Johnston (Bow River): Members of parliament could visit the plant if they wanted to see what was going on?

Mr. Prudham: Yes. That is a very good suggestion. If hon. members would like to go out to the mines branch to see the work that is being carried on I am sure they would be welcomed.

Item agreed to.

Dominion coal board—

233. Administration and investigations of the dominion coal board, $116,660.

Mr. Nowlan: Is the minister going to make a statement with regard to the dominion coal board? It has been the practice in the past to do that. I notice that yesterday he said he preferred not to speak on that in his opening statement.

Mr. Prudham: Before I deal with that, may I reply to the question asked by the hon. member for Digby-Annapolis-Kings with regard to the international geophysical year.

The basic purpose of the geophysical year is a study of the earth's upper atmosphere and the manner in which it is influenced by the sun's radiation. Practical applications include radio communications, meteorology, high altitude military projectiles and a better understanding of the earth's immediate environment.

In co-operation with the Department of Transport, national research council and the Department of National Defence, the dominion observatory is equipping and operating ten to fourteen magnetic stations in Canada extending along magnetic meridians from Resolute Bay—latitude approximately 75—to southern Canada. The Department of Mines and Technical Surveys is providing the instruments while some of the stations are being manned by other departments. The observations are all to be collected and arrangements made for their analysis and publication by the dominion observatory.

As well as the projects I have mentioned, important additions are being made to our northern seismographic station at Resolute Bay. Systematic observations of sunspots, flares and other disturbances on the sun are being made at Ottawa throughout the geophysical year. In co-operation with the departments I have mentioned, observations are being made of the aurora, the ionosphere and of meteoric phenomena at Ottawa, Agincourt, Meanook, Newbrook, Victoria, Yellowknife, Baker Lake and Resolute Bay.

In presenting the estimates for the operation of the dominion coal board in this fiscal year I am pleased to report that there has been an improvement in the coal situation over the last twelve months.

This improvement is demonstrated in increased production of Canadian coal from 14,770,000 tons in the fiscal year 1954-55 to 15,014,000 tons in the fiscal year just ended; in an increase in the consumption of coal of over 2 million tons and in a reduction of the subvention payments of some $773,171. I may add that this reduction in the amount of assistance did not result from any appreciable decrease in the tonnage of Canadian coal moved under subvention assistance but from the reduced cost of assistance per ton from $3.07 last year to $2.92 in the year just ended.

In the province of Nova Scotia output was down by almost 100,000 tons. This was not due to lack of markets but rather to the closing of a high cost operation. The mechanization of the Sydney collieries began to show concrete results during the year. Cost of production is dropping and the output per man day is slowly climbing upward. During the year a market opened up for Nova Scotia coal in the United Kingdom and the continent. In the fiscal year some 230,000 tons moved to Britain at a cost in subvention of approximately $494,000 or $2.14 per net ton.

Shipments to Quebec and Ontario were slightly lower than in the previous twelve months but this was due more to difficulties in transportation and delivery than to any lack of markets.

The Nova Scotia producers have been working to develop new methods of burning coal. One new product, the dominion down draft furnace, has received an award of a certificate of merit from the national design centre and is finding an increasing sale in the maritimes. This radically new furnace for household use is at present being offered in Ontario and Quebec and a growing market is hoped for. The Department of National Defence has installed a number of these furnaces in the new Gagetown project where they are being fully tested over a full year's operation. My colleague tells me that Central Mortgage and Housing Corporation has also been testing out this equipment.

Turning to New Brunswick, the output of coal at 880,000 tons is not only 100,000 tons more than last year but forms an all-time record for the Minto field. Increasing tonnages of this coal are being used for the production of electricity and for industrial use. In Saskatchewan also production of 2,302,000 tons constituted a record. This coal finds a ready and increasing market in the industrial and electrical power fields.

Alberta has been the most depressed section of the Canadian coal industry but this past year has seen at least a slowing up in that trend, although I am not trying to minimize the seriousness of the situation in Alberta. The bituminous mines in this area have been largely dependent on the railway market. The switch to diesel locomotives and to oil burning steam engines continued, causing some further loss of markets. This loss was not nearly as heavy, however, as in the previous year. The cold winter in western Canada, together with the increased wheat traffic, threw a considerable burden upon the railways and the fuel requirements were considerably heavier. Steam locomotives scheduled for retirement were needed for operations and, while locomotive coal consumption was down by some 300,000 tons, the unexpected need for more fuel found the coal stock piles depleted and caused an unexpectedly heavy demand for supply from the mines. The cold weather also increased the demand for household coal and the subbituminous mines have enjoyed a relatively prosperous year. Altogether, Alberta fiscal year production of 4,621,000 tons is somewhat higher than the 4,591,000 tons in the 12 months previous.

Finally, the British Columbia mines show some increase in output from 1,344,000 tons last year to 1,460,000 tons in the 12 months ended March 31, 1956. This increase, however, is due to the improved operations in the Crowsnest pass area while the Vancouver island mines do not show any increase.

The coming year will undoubtedly produce some difficulties. The Alberta bituminous mines will continue to lose more of the railway market while the domestic producers will be affected, of course, by the vagaries of the weather. There will be an increase in the consumption of western coals for power production when new plants now under construction come into operation.

The amount of money required for subvention purposes shows a substantial decrease. The estimated amount of $9,210,250 is $789,750 below the estimate of last year and some $1,356,623 below the actual expenditure of last year. This reduction in amount does not mean any curtailment in the assistance offered to Canadian coal. The amounts provided on specific movements in the various orders in council remain exactly as in the previous year. The subvention payments have always been calculated as the amounts necessary to enable Canadian coals to meet the competitive laid-down costs of imported coals in the designated markets. Over the past 12 months there have been substantial increases in the laid-down costs of imported coals as well as some decreases in the cost of Canadian coals. These mean that, while it required $3.07 per ton to move the subvention coal in 1954-55 and $2.92 in 1955-56, it is estimated that it will require $2.46 per ton to move approximately the same tonnage in 1956-57, assuming that there is a movement of 3,700,000 tons. I am glad to repeat that, while part of this has been due to increased cost of imported coal, a substantial part has also been due to the increasing efficiency of Canadian coal production resulting in lower costs.

It is hoped that the improvement noted in the Nova Scotia coal picture over the last 12 months will continue through the coming year. The hon. member for Cape Breton South has mentioned that they are doing a good job there in lowering their production costs. The increasing effect of mechanization will be reflected by greater efficiency of operation and higher output per man day. That has been the trend in the early part of this year. It is estimated that the amount of money parliament is being asked to provide for subvention assistance and the existing orders in council defining and regulating the payments will enable the Nova Scotia coal mines to find outlets for their production in the year ending March 31, 1957.

I should like to refer to the delivery of coal to Newfoundland, which has been mentioned by some hon. members. There have been recurring difficulties in this delivery arising partly out of the seasonal availability of schooners and in part out of the lesser number of these vessels engaged in the trade. A meeting was held in Sydney in January of this year of those interested in this movement, with the chairman of the dominion coal board in the chair. A very full and detailed review was made of the difficulties and the possible remedies. I understand that as a result there has been a marked improvement in the loading of the vessels and that basic investigations are being carried out by private interests looking towards the development of better means of transportation over the longer term.

Liquid fuels are expected to continue to take over new domestic outlets as well as to win some established customers from coal. There will possibly be some gain to coal from wood consumers but not enough to overcome the loss to other fuels. When we read that there were in Canada in 1951 some 1,436,050 homes in which coal was the principal fuel while in 1955 there were only 1,115,000 in this category, it gives us some picture of the loss. At the same time, oil burning installations increased from 774,535 to 1,656,000 homes.

Of course this is not the whole picture. The demands for coal for industrial use continue to grow and this trend no doubt will continue. While most of this growth is in Ontario and Quebec, where United States coal is the main supply, the growing demand for electricity in the coal-producing provinces is providing an expanding outlet. Reports by the power companies to the dominion bureau of statistics estimate increases in the installation of fuel electric stations in the maritimes from 324,000 kilowatts in 1954 to 513,000 kilowatts in 1958 and in the western provinces from 605,000 in 1954 to 1,058,000 in 1958. This shift in markets, as I remarked on a previous occasion, will create problems for many of the existing producers.

Present reports indicate that the United States coal trade will be hampered by a shortage of cars during the year and that costs will be somewhat higher. This trend should help to provide outlets for Nova Scotia coal but, unfortunately, cannot be of much assistance to western Canada.

The hon. member for Bow River and the hon. member for Macleod have suggested that we should block off a portion of the Canadian market for Canadian coal. It is a very nice idea and I would be all for it if it were possible to do it but I do not think it is.

One difficulty is that most of the industrial installations in Ontario are built to burn United States coal and Alberta cannot supply the type that these plants are equipped to burn. Another problem and difficulty in moving western coal in large quantities to industrial Ontario is the fact that as a rule Alberta coal does not store well, and it has to be delivered as it is consumed. That makes it difficult to persuade large industries to put in the necessary equipment and rely entirely on western coal. Actually I think that the solution to the coal problem and the problem of the communities situated in the Crowsnest area and other coal-producing areas in Alberta is to encourage industry to locate in those areas. The provincial government and the federal government should both give all the encouragement possible to the solving of that problem.

I know that the industries, the mine companies concerned, are extremely active in trying to diversify their operations. There is one very healthy coal operation in the Crowsnest pass. They have a diversified operation. They have coke ovens. They have the largest supply of coking coal west of the Mississippi. They have lumbering operations. They are engaged in oil development. Another company is endeavouring to develop base metal deposits in the area. I know they have shipped samples of the ore to Europe for experiments on extraction. Although it is far from proven that they will get good results from their efforts, I know that they are spending a great deal of money and are endeavouring to establish another industry which will provide stability not only for the coal industry itself but for the communities in that area. I believe that is the positive approach. I do not think that putting restrictions on imports is a positive approach to the problem even if it could be carried out under our constitution. The hon. member for Cape Breton South last night I think pointed out that this government has not the power to dictate what type of fuel shall be used in any particular area. If anybody has the power, it is the provincial governments concerned. I do not think that the answer to the coal industry's problem lies in that direction.

Mr. Nowlan: Mr. Chairman, this item of the coal board is one which probably embraces as many people and affects their lives as much as does any other one item in the whole estimates of our parliament. It is a matter on which some of us—and I know I have done so—have spoken at length at other times, and I do not propose to do it now.

The hon. member for Cape Breton South spoke last night with respect to this matter and of course he represents thousands of people who are employed in this industry and who are directly affected by it. In order to show its ramifications I need only say that in my own constituency, which is removed some considerable distance from the actual coal fields themselves, we too are greatly affected by this matter because it is one of the principal markets for agricultural products in the maritime provinces. As the coal industry prospers and develops, so do the farmers of the Annapolis valley, and of Nova Scotia and Prince Edward Island generally. As the coal miners suffer depression, so do our farmers suffer from loss of markets and reduced prices. They are perhaps not as directly affected by it but they are affected by it and to the same degree as are the people living within a few miles of the coal mines themselves. That is why this is an item which is important to all of us, because I am sure the same situation applies in the province of Alberta and in the province of British Columbia or wherever else coal may be mined. It is not only the miners themselves but those in the other associated industries who are affected by the large number of people who at one time were employed in this industry and who unfortunately have suffered from greatly reduced employment during the past few years.

I am not one who wants to cry blue ruin over this matter. I remember that this is not the first time the coal industry has suffered a marked depression. I am sure the hon. member for Cape Breton South and I myself remember the situation 25 years ago when, in the island of Cape Breton, there was mass unemployment, there were labour difficulties and there was actual starvation and it looked as though the coal industry was through. People said that the coal industry could never recover from the depression of those days. Yet a marked recovery was obtained. The government of R. B. Bennett, working in co-operation with the provincial government of Nova Scotia, by increasing subventions and carrying out an aggressive marketing policy, went a long way towards restoring prosperity in the mining areas of Cape Breton and therefore of Nova Scotia generally.

Then again during the last few years we have been faced with technological changes which have threatened the very existence of this industry once more. A few moments ago the minister pointed out the greatly reduced sale for coal because of the dieselization of the railways. In 1953 or 1954 the Canadian National Railways purchased 700,000 tons of coal. Some people suggest that by 1957 or 1958 these purchases will have virtually disappeared. The St. Lawrence basin, which

at one time presented and offered a great market for Nova Scotia coal, is threatened by the development of the St. Lawrence seaway and the prospect of American coal being brought down by water carrier into that area. Then there is the development of the gas industry which also is going to cut substantially into the market for coal.

I was interested in what the minister said about the development of this domestic furnace to which he referred and in connection with which he said a citation had been awarded to the company for producing it. I think this could be said, perhaps not in criticism but as a statement of fact, and I think the coal operators will be the first ones to admit it. In the days gone by they did not worry too much about marketing. Certainly they did not worry at all about the domestic consumer. They had the demands of the railways. They had the demands of heavy industry. They would meet your orders if they saw fit to do so but the local customer, the domestic consumer, was the forgotten man. If he did not want to take the type of coal, the size of coal and the dirt which they had to offer, it was just too bad for him; he could freeze. That was virtually the attitude which they took. Then suddenly, because of these changes, the industrial market and the railway market have been substantially lost to the coal producers. Now they are struggling desperately to meet the demands of the domestic consumer and to satisfy him.

We now have this down-draft furnace which was produced two years ago, which is on sale, and which apparently is a tremendous improvement over the old coal-burning furnaces. If that same aggressive attitude had been adopted 10 years ago by the companies concerned, they would now be enjoying a much greater proportion of the domestic market than that which they now enjoy. Of course, once having turned to oil, the domestic consumer is not going to throw out the oil furnace and put in a coal-burning furnace, although perhaps it is comparable in efficiency and cost with the oil furnace. Hence they have much responsibility for the way in which they have lost these markets, particularly domestically. It is encouraging to see that they realize that now—I think they frankly admit it—and that they are going to combine efficiency and production together with aggressiveness in sales and are going to attempt to meet the demand of the customer rather than ignore him as hitherto has been the case.

One would not worry too much about the coal industry, or rather one would worry about it but one would face its problem and its fate, possibly, if one believed that this was a sort of horse-and-buggy industry which was going to pass out of existence in the way in which the horse and buggy passed out when it was confronted with the competition of the motor vehicle. I recall what happened in the Studebaker plant, I think it was, many years ago. They were the largest producers of carriages in the world. The men went on strike when they first started to produce the automobile because they said it was a hopelessly inefficient machine that was going to put them out of work and would not accomplish any great good. However, the horse and buggy passed. The automobile came to the fore.

I do not think the coal industry is going to pass. I think it has a substantial basis in the economy of this country and that over a period of years it will recover. In fact the report of the dominion coal board says that while the current situation, viewed as a whole, is cause for grave concern, it is to be remembered that the Canadian coal industry is basic and one upon which our economy is still largely dependent.

I think that is a fundamental statement, Mr. Chairman. It is because of that we say this government does have a responsibility in helping to assist this industry in every way possible, not just to keep it in the horse-and-buggy era, but to carry it through a trying period of transition. The reports of the minister's own fuel board suggest that within a decade the costs of other fuels will be increased, the industrial potential of this country will have been developed and there will be an increasing demand for coal. The coal industry must then be in existence to meet that demand. As was suggested this morning, I think by the hon. member for Cape Breton South when referring to the gas turbine engine, perhaps by the time we have that development the coal industry will have passed out of existence; that is the danger, Mr. Chairman.

It is different from operating a grocery store or some sort of a retail business where you can shut the doors, pull down the blinds and have it closed for one year or 10 years. Then you can come back, sweep out the cobwebs, and go into operation. Once these mines are allowed to close, once the shafts fill with water, once the men are taken out, the difficulty and cost of reclaiming them would make it virtually an impossible situation. The mines, having gone, cannot be reclaimed. As I said, therefore, it is essential that this government, in co-operation with provincial governments and in co-operation with the industry itself, do everything possible to maintain the coal industry during these days.

I think we have failed in this parliament and in this government in the development of a truly national fuel policy. I think that is the basic problem. One day we have emphasized the place of gas and a great deal of money is spent in assisting the gas industry. We have control now of certain rivers in connection with the production of electricity so as to preserve power for Canada. All those things are desirable and all those things may be necessary, but there is no over-all co-ordination; there is no development of a fuel policy as such. I think that is one responsibility of this government and one in which this department has failed.

There was a reference last year to the interdepartmental committee on energy, and that was to be a committee composed of representatives from the various departments of government which would meet and work out a national fuel policy. What do we find? Look at the report of the coal board and you find that the interdepartmental committee met twice. Look at the preceding board report and you find the committee met twice during that year. There were four meetings in two years, Mr. Chairman, and that is not a very aggressive way in which to develop a national fuel policy. I think that more must be done in that connection than has been done before. I agree with the minister that probably greater industrialization may be the solution to the problem. Undoubtedly, there is going to be greater industrialization. Even in the Atlantic provinces there has been a great increase in industrial development, but not nearly as much as in the central provinces. Some criticisms have been levelled at this government by maritime members because it has done very little to assist in the development of industries in these provinces, particularly those industries associated with national defence where direct government control would have permitted much more to be done than has been done. As those industries are developed, so will the market for coal develop.

I want to pay a word of respect to certain industries such as the Nova Scotia Light and Power, for instance, to which reference has been made before. They have installed greater units this year for the burning of coal in the development of electricity. I think there again there has been lack of co-ordination in the past. I am sure that in my own province probably too much money has been spent in the costly development of hydro-electric energy by trying to get the last bit of power development from relatively small water courses. If more attention had been paid to the development of electrical energy from coal we might have been in a much better position than we are today. At least Nova Scotia Light and Power, by installing this new unit, is providing a certain market for Nova Scotia coal, and as similar installations take place in various areas in the maritimes, so will the consumption of coal increase.

The emphasis has been placed, I think, on the development of these other sources of power. I feel this government is justified in doing more for the coal industry than it has before. A few minutes ago the minister said that, apparently owing to a little increased cost in maritime coal and an increased efficiency in the production of our coal, the amount paid out for subventions per ton will be a little bit less this year. That is a very fortunate situation, and as we develop increased markets in our own country that can continue. Until that situation arrives this government is justified in spending, for subventions and assistance in the movement of coal, more money than it has heretofore.

We had a situation last year where the Canadian National Railways complained about the quality of the coal and refused to buy it on a certain basis. As a result, our government had to pay several million dollars additional to the Canadian National in order to have a certain basis for our coal. Those expenditures are just, because when you spend hundreds of millions of dollars in the development of a seaway, when you advance hundreds of millions of dollars for the building of a gas line—justified as those expenditures may or may not be from a national standpoint, and we are not criticizing that for a moment—then this department and this minister are more than justified in spending the money available to the coal industry, even more money than has been spent in the past. This industry must be kept together during this period of transition.

We have the new problem of freight rates. Freight rates have been increased, as we know, by an interim order of the board. There are going to be further hearings this fall and we will know then what the final increase in freight rates will be. The government has in the past assisted in meeting those increased costs. I know the hon. member for Cape Breton South raised the question yesterday, and it has been raised before. I hope that this afternoon, in dealing with this particular item of subventions on coal, the minister will tell us what the policy of the government is with respect to meeting these increased costs to the coal producer because increased freight rates just came into effect during the last few years.

As I said, the ultimate problem is the greater industrialization of the country and that is perhaps a place where this government and the provincial government can co-operate. Next week there is to be a meeting of the provincial premiers of the maritime provinces called by Premier Flemming of New Brunswick, in which they are to consider the whole basic problem of the maritime economy. As a result of this conference certain recommendations will be made to this government. The Prime Minister has said he would welcome those recommendations and they would receive direct consideration. We hope that is true. This is one of the basic problems of the maritime economy, this matter of coal production and coal mining. It is essential to the economy of at least two provinces in so far as the Cape Breton area is concerned, the Cape Breton population and those farmers in Prince Edward Island and Nova Scotia. The New Brunswick farmers, of course, do not come directly into contact with the Cape Breton area but there has been a development in the coal mining industry which has been helpful to that province.

There is some reason, therefore, not perhaps for optimism, but determination that this industry will be kept at least at its present standard of employment, which is low enough, lower than it should be. It must at least be held there during this interregnum until the situation develops which is envisaged by the minister's department when it says that in 1965 there will be a situation in this country by which the coal industry will again be utilized to its full extent.

Mr. Gillis: Mr. Chairman, you will remember that last evening when I was speaking I was called to order, and I did not complete what I had to say. I am not going to repeat anything I said last night. I might say that I agree with everything that was said this afternoon by the hon. member for Digby-Annapolis-Kings. As he very well pointed out, this question affects not only the coal miner of Nova Scotia, it affects the whole economy of Nova Scotia. If the industry goes down the province pretty well goes down with it. That is why I have been so vociferous on the matter ever since I came into this house.

Last evening the picture I was trying to leave with the committee was that in so far as actual knowledge of the future of coal, or of any other fuel in Canada, is concerned, there is not very much known. Most of our information comes from the press. I put on the record last night statements from different sections of the press that were directly opposite to each other. One statement painted a picture of the golden era of coal; coal was going to begin to come into its own. The next statement threw it down flat, wrote it off, and it was pretty hard to pinpoint the problem accurately.

I said last night, as the minister indicated this afternoon, that the dominion government did not have the authority to bring this problem to a final conclusion and find a solution because actually the problem is one that, under the British North America Act, rests with the provinces and to a large extent with the operators of the industry. The Dominion Coal Board Act was assented to on July 17, 1947. The powers and authority of the board were clearly set out in the act. The powers and authority given to that board at that time were based on the condition of the industry at that time. Drastic changes have taken place in the whole fuel set-up of Canada in the last nine years. Problems have been created that are interprovincial or company and provincial, and the federal government cannot move to meet them under their present powers.

What I wanted to say last night in summing up what I had said was that I believe what is needed in this country today is an expansion of the Dominion Coal Board Act to give the board the necessary authority to bring some sanity into the production and distribution of fuel in this country. In addition to having its powers broadened the board should have on its membership personnel from the oil industry and the gas industry. The coal industry is represented there at the present time. It should include someone who has some knowledge of the potential of atomic energy, because that is around the corner.

If the situation in the fuel industry is allowed to continue as it has been in the last few years one type of fuel will destroy the other. Nobody can tell with any degree of accuracy what the economic value of natural gas will be in Quebec. The men who are going to pipe that gas down east cannot tell you; neither can the government of Alberta, because when the line comes into Quebec, before they can sell gas or fix a price for it they have to deal with the public utilities board of the province, which will fix the rate. Nobody knows what it will be. Heating systems should not be changed until the price is known. I am reasonably sure that whether it is oil or gas they swing to they will find it will cost more than coal. Many of the small industries in this province that changed over to oil not so long ago are switching back to coal because of the cost.

If we allow the coal industry to drift as it has been drifting, in the next 10 years there will be no industry to rehabilitate. Whether or not you want coal you will not be able to

get it. As the hon. member for Digby-Annapolis-Kings said, you cannot reclaim a coal mine. You close a mine down. It is closed for a year or two. You are not going to open it again.

There is another thing. It will take you at least five or six years to qualify a miner underground. He has to write examinations. I want to warn the committee that once a miner with five or six years' experience comes above ground he will not go back again if he can find employment somewhere else. I am convinced, after looking at the thermopower development, for example, in Alberta at Battle River, that that is one angle we should be promoting in the maritime provinces. A very good job is being done in Alberta, but they have much cheaper fuel.

In the final analysis I say this government, in co-operation with the provinces, should expand the act and increase the powers of the board. The kind of personnel that I suggest should be placed on the board with the end in view of making an examination of the different zones in Canada as to the fuel that is most economic in a particular zone. That should be done before it is too late. If you had men of the calibre I have in mind from the different fuel industries who could consult together and examine the economies in the different zones across Canada, there is no doubt in my mind but that coal from Cape Breton island would be allocated to the province of Quebec. It is the logical fuel for that area. Regardless of anything else I believe there is a market for at least 5 million or 6 million tons of coal in that particular area for many years to come; but somebody has to take the responsibility for making that kind of survey.

I do not think there is anyone in a position to do that but the federal government, with a board that is pretty competent in the whole field of fuel. The present coal board has a lot of information, a lot of data and many trained personnel today that they did not have in 1947. It would not be very hard to expand the board if it had the power to go into the problems which arise out of the question of the proper economic fields for the different fuels. I think you have to do that if for no other reason than to prevent one fuel killing the other because of the greed and grab for markets at any price until they get in there. Once they get in there, of course, they root the other fuel out. The heating plants are adapted and you pay their price or you do not have any heat.

I think it is a bad thing to give a monopoly to oil, gas or any other fuel in any section of the country and have that section of the country completely dependent on it. The only logical and sensible answer is a national fuel policy with that kind of board administering it, and with the power to regulate and allocate as far as fuels are concerned.

Toward the end of last session I moved a motion in the house having to do with this particular question, and I was supported by the whole opposition. The Ontario press is pretty careful in going out on a limb on anything that is new. The *Globe and Mail* had editorials saying that this was a sensible idea. In view of the present situation in the country in the field of fuel, we may be spending millions and millions of dollars on hydro, on oil, on natural gas and on coal. But don't forget what the British are doing right now on atomic energy. In a few years' time because of that development—maybe in the United States and definitely in Britain—we are going to have to work along similar lines, and we are just throwing money away because we do not have any authoritative body in this country that is making a competent study of the whole question of fuels now and in the future, and it is very nearly time we did. The framework of the act is here now, and it is just a matter of giving it a little consideration and expanding it.

The minister did tell us last year that this interdepartmental committee was working. Well, they had a couple of meetings, but there is no doubt there may be some smaller body that is actually doing the research and the digging and we have not received the benefit of it. Perhaps the minister is closer than I am aware to doing the kind of thing I am talking about. Perhaps they are ready to set it up, but it has to be done under an amendment to this act.

I do not want you to call me to order again, Mr. Chairman, but I just wanted to say this in order to complete what I was saying last night. I hope the minister's department will soon get around to bringing some sanity to the whole question of fuels.

Mr. Johnston (Bow River): I do not want to make any speech on this topic, because I told the minister yesterday when I was speaking that I would not repeat what I had said earlier. I was absent from the chamber for about an hour and a half this morning and I expected this whole department would have been cleared away within that time, but perhaps I was too optimistic in that regard. At this time I want to ask the minister just one question.

Yesterday when I was speaking the minister gave the employment figure for 1954 in the gold mining industry as 18,497 and for 1953 the employment figure in the coal industry was 18,291. I asked him at that time if

he would be kind enough to obtain the employment figure for the coal industry for 1948, and I wonder if he would give me those figures at this time if he has them there.

Mr. Prudham: Yes. In 1948, some 22,566 were employed in the gold mining industry and 24,318 in the coal industry. In 1949, 22,358 were employed in the gold mining industry and 24,230 were employed in the coal industry. In 1954, 18,479 were employed in the gold mining industry and 18,050 were employed in the coal mines.

Mr. McCullough (Moose Mountain): Mr. Chairman, I think the minister and perhaps all the committee will readily understand my interest in this matter when I indicate that almost 25 per cent of all the coal mined in Canada, or about one-fifth of our national production, is mined in my own constituency of Moose Mountain. The coal industry in my province is in very excellent condition. In spite of the fact that western coal production has gone down almost 30 per cent in the last ten years, we are happy to know that in the lignite fields of Estevan we have more than held our own. In 1955 we produced 2,239,000 tons of coal with a sale value of $4,250,000. It is therefore quite important to my province and to me in particular, representing the constituency I do, that everything be done to promote the industry and maintain it in a healthy state.

I was extremely interested in the remarks made by the hon. member for Cape Breton South and the hon. member for Digby-Annapolis-Kings. I want to join with them in suggesting that the time is long overdue for this government to take the responsibility of setting up a national fuel board by which both the conservation and utilization of our fuels can be handled in an intelligent manner.

As I listened to the hon. member for Digby-Annapolis-Kings I noticed he pointed out that in his view some of the things that are wrong in the situation existing in the coal mining industry in his area are going to be corrected, but it has taken a long time for the department concerned to take the proper action, and this indicated that something is being done in the way of setting up a national fuel board.

I remember reading speeches made by the hon. member for Cape Breton South prior to my coming to the house in 1945. Even that long ago the hon. member was pointing out to the government of that day that in Canada we should have a co-ordinated board under the control of this government, which would have the interests of the various types of fuel producers in mind, to set up a program which would be conducive to the development of the various fuels on a sensible basis. It is well understood that in the last few years across the country we have had a tremendous development in alternate fuels. In my own constituency we have perhaps one of the largest oil fields on the North American continent. Not only do we have an estimated reserve of 13 billion tons of coal, or perhaps 24 per cent of all Canadian reserves, but we also have some of the greatest potential oil fields on this continent.

I think the point made by the hon. member for Cape Breton South and the hon. member for Digby-Annapolis-Kings was well taken, that we should have a policy under which there would be no friction between the various ways to utilize our fuels. It is all very well for the minister to get up and say he feels that the best interests of the various fuel industries, speaking about coal in particular, can be served by locating industry in those areas, but it may be that without a plan industry will be set up where competitive fuels will come in and the industry will not be in a competitive position. I think the point made by the hon. members I mentioned was extremely well taken.

This afternoon I want to point out in particular my own concern over the production of coal in my constituency. Over the past ten years we have developed perhaps the highest type of specialized coal mining to be found anywhere in the world, but despite this fact a situation could arise whereby that industry would find itself in great competitive difficulty. Lignite coal moving to the city of Winnipeg and western Ontario markets today furnishes power for some large pulp and paper mills but the new rulings of the transport board, the interim horizontal freight rate increases, might put that industry in an uncompetitive state and perhaps will have a bearing on the future of the coal industry in my constituency. I should like the assurance of the minister after I resume my seat that the government has taken into consideration the situation which has evolved through these interim horizontal increases in freight rates.

I wish to point out to the committee that as far back as 1914 the transport board agreed that, due to the fact that lignite coal was not competitive with bituminous coal, there should be a 10 per cent differential in freight rates. Estevan coal, for example, moving into the Winnipeg market in 1914 was $1.80 a ton; bituminous coal at that time was $2 a ton. Under the present rates and increases subsequent to 1914, lignite coal moves at a freight rate of $3.30 a ton as compared with $3.50 a ton for bituminous

coal. That indicates that the increase through these horizontal freight rates may very well put the coal industry in my constituency in a very unfavourable competitive position. I would like the assurance of the minister that his department will take into account the fact that while this industry is very highly specialized and has enjoyed an increase in production over the last 10 years, any further increase may make it non-competitive.

Representations were made by the four Atlantic provinces and the four western provinces, and representations were also made to the Turgeon committee to the effect that horizontal freight increases were not justified and certainly were not fair. I hope we can have an assurance from the minister this afternoon that this new interim increase and the one which may follow later will not adversely affect this industry.

Mr. Prudham: There is no subvention payable on Saskatchewan coal for shipment to Winnipeg, but the subvention on shipments to western Ontario is based on a percentage of the freight rate up to $1 per ton. It is revised within that limit from time to time as the freight rate varies. At the moment we do not see any reason why it is likely to pierce that ceiling of $1, even with the new change in the freight rate.

Mr. McCullough (Moose Mountain): I understand that last year 1,400,000 tons of lignite coal moved to industry and pulp and paper mills in Manitoba and western Ontario, and I should like to know if there is likely to be any change in the amount shipped to that area in the coming year because of the new freight rates.

Mr. Prudham: I think not. The contracts for the supply of coal for the current year were made early in the year, and I do not think there will be any change as far as this present year is concerned.

Mr. McCullough (Moose Mountain): How will that affect coal going into that area? Will there be less coal produced and moved there?

Mr. Prudham: The increase in the freight rate would add to the cost of the coal. I should like to say a word of comment in reply to the hon. member for Cape Breton South. His suggestion is consistent with his socialist philosophy. There is no doubt that it sounds good to say you should have a national fuel policy and a national board with power to direct people as to what type of fuel they can use. However, I am afraid if you tried that you would get into a great deal of difficulty. I do not think the people of Canada would accept that kind of direction. For instance, the people of Cape Breton might be forbidden to use fuel oil, and there would be many arguments. The people living in Edmonton and Calgary might be directed to use coal because those cities are close to the coal fields and it might be argued that it would be more sensible and economical to send gas to eastern Canada because of the easier method of transportation. It may sound good to say that we should have a national policy with such a board, but I do not think it would actually work out in practice.

Mr. Gillis: The dominion coal board is not a socialist body, and I do not think they advocate socialist principles. I am merely suggesting that competent people should make an examination of the problem so that we might have the facts before us. In 1949 we passed an act to assist the producers of coal in the Atlantic provinces and $10 million was appropriated. I should like to know how much of that has been loaned, to whom it has been loaned, and how much has been paid back.

Mr. Prudham: The details as of March 31, 1955 are as follows:

Avon Coal Co. Ltd.	
Loan authorized—3 per cent	$ 218,000.00
Total advances	160,000.00
Balance to be loaned	58,000.00
Dominion Coal Co. Ltd.	
Loan authorized—3¼ per cent	$7,500,000.00
Total advances	4,673,524.92
Balance to be loaned	2,826,475.08
Repayments	408,129.30
Balance to be repaid	4,265,395.62
Interest paid to Dec. 31, 1955	503,108.11
Four Star Collieries Ltd.	
Loan No. 1 authorized 2¾ per cent	$ 100,000.00
Total advances	100,000.00
Repayments	57,666.00
Balance to be repaid	42,334.00
Interest paid to Dec. 31, 1955	7,477.85
Loan No. 3 authorized—3¼ per cent	69,320.00
Total advances	62,000.00
Balance to be loaned	7,320.00
Victor Charles McMann	
Loan authorized—3 per cent	$ 8,175.00
Total advances	8,175.00
Repayments	nil
Balance to be repaid	8,175.00
D.W. & R.A. Mills Ltd.	
Loan authorized—4 per cent	$ 305,850.00
Total advances	305,850.00
Repayments	127,484.37
Balance to be repaid	178,365.63
Interest paid to Dec. 31, 1955	21,619.48
Total loans authorized	$8,201,345
Balance not committed	$1,341,655

Mr. Gillis: Does the rate of interest vary from company to company?

Mr. Prudham: It varies according to the cost of money to the federal treasury. It is 3 per cent in some instances, 2¾ per cent, 3½ per cent and 4 per cent.

Item agreed to.

DEPARTMENT OF VETERANS AFFAIRS

498. Departmental administration, $2,215,472.

Hon. Hugues Lapointe (Minister of Veterans Affairs): Mr. Chairman, I should like to make a short statement at this time. As hon. members know, no new legislation has been introduced this session having to do with veterans affairs, with the exception of a minor amendment to the Veterans Business and Professional Loans Act, which comes under the Department of Finance.

This does not mean that the government and officials of my department consider that further amendments to the legislation making up the veterans' charter may not be necessary in the future. As I have mentioned in previous years, that legislation is under constant review with the intent that the charter must meet the changing needs and requirements of the veteran and his dependents.

It must be agreed, however, I submit, that great progress has been made in the legislative field during the last five years. In 1951 substantial amendments were brought down to the Pension Act, which came into force on January 1, 1952, and the act was again amended in 1954. The War Veterans' Allowance Act was amended in 1952 and again last year. Part II and part III were added to the Veterans' Land Act during the 1953-54 session, and the Children of War Dead (Education Assistance) Act was passed in 1953. A complete consolidation of the treatment regulations was effected during the year 1954, and these regulations have been amended several times since during 1954, 1955 and this year.

Writing in the October, 1955, issue of *The Legionary,* the Legion publication, Very Rev. Dean John D. Anderson, then dominion president of the Canadian Legion, said:

> Today the task of obtaining adequate legislation is almost complete. True there are areas where improvements could still be made and will be made. But by and large the legislation picture is gratifying.

As hon. members know, the dominion convention of the Canadian Legion in session last month in Vancouver passed a number of resolutions concerned with proposed legislative amendments, and as soon as these recommendations are received by the government I can assure the committee they will receive the careful and thorough consideration of the government and the officials of my department. Here I wish to pay tribute to the Canadian Legion, the national council of veterans' associations in Canada and the other veterans' organizations which have done so much to promote the well-being of the veteran and his dependents in our country. The efforts of these organizations and their willingness at all times to co-operate with the Department of Veterans Affairs are reflected in the legislation we call the veterans' charter of which all Canadians are, I believe, justifiably proud.

As hon. members know, the most significant changes made in the War Veterans' Allowance Act last year were in the rates and ceilings, the former being increased by 20 per cent to $60 monthly for single persons and $108 for those on married rates, and the ceilings being raised to $840 per year for recipients at the single rate and to $1,440 for those receiving the married rate. As of March 31, 1956, there were 51,781 recipients on war veterans allowance with an annual liability of $40,207,916. These recipients included 38,427 veterans of all wars, 13,208 widows and 146 orphans.

There has been a marked increase in the number of applications for war veterans allowance since April 1, 1955, the date the amendments to the act became effective. In the year ended March 31, 1954 there were 5,545 new applications approved for war veterans allowance and in the next fiscal year ended March 31, 1955, there were 6,322 such applications. In the last fiscal year ended March 31, 1956, 8,562 new applications were approved.

As announced in the house last session, the rules under which grants from the assistance fund could be approved were reviewed and the formula extended to include allowances for clothing and other personal items. In the fiscal year ended March 31, 1955, 5,681 veterans and widows received assistance from the fund, and in the year ended March 31, 1956, the number was 6,256.

While generally speaking the assistance fund has been meeting the purpose for which it was set up, I have recently asked the appropriate officials in the department to review its administration and application with the intent of perhaps again widening the formula to help some of those war veterans allowance recipients who cannot supplement their incomes through casual earnings. Veterans in receipt of the allowance are also eligible for free treatment for any condition, and the cost of that treatment in the 1955-56 fiscal year was estimated at about $13 million, which was almost one-third of our total treatment cost.

The administrative wrinkles in connection with the putting into operation of the new rules regarding casual earnings, including the

formulae designed for calculating farm income and to determine net income derived from roomers and boarders, have been pretty well ironed out, and I can report to the committee that these new regulations have been of substantial benefit to many war veterans allowance recipients.

The Veterans' Land Act administration continues to operate at a high level of activity. In the fiscal year ended March 31, 1956, 3,175 veterans were settled under the act. This number was made up as follows:

Full-time farmers	578
Small holders	2,467
Commercial fishermen	36
Settlers on provincial and dominion lands	94

The total number of veterans settled under the Veterans' Land Act since its inception as of March 31, 1956, was 70,529, made up as follows:

Full-time farmers	32,377
Small holders	37,122
Commercial fishermen	1,030
Settlers on provincial and dominion lands	5,092

Since part II came into force and as of June 30, 1956, 655 contracts for veterans to build houses for themselves have been approved under this new part. Construction activity during 1955, including that under part II, reached its highest level since 1950, amounting to 2,159 new contracts let, of which 88 per cent were managed by the veterans themselves.

As hon. members know, part III of the new act provides for additional loans to farmers and small holders at the time they are settled. Up to the end of March, 1956, 1,387 farmers, 3,422 small holders and 22 commercial fishermen had been granted these additional loans under part III. We are closely watching the operation of these two new parts of the Veterans' Land Act to make sure they are meeting the purposes and objectives which parliament intended when the amendments were made to the Veterans' Land Act in the 1953-54 session.

It is interesting to note that the 10-year period has expired for a number of veterans, and as of July 1, 1956, 2,830 veterans have now earned their conditional grants. As many veterans were settled in 1946 and 1947, we anticipate that several thousand veterans will earn their conditional grants during the next 18 months. I think all members of the committee will agree that the Veterans' Land Act has been a most successful rehabilitation measure.

The Pension Act, of course, remains one of the main pillars of the veterans' charter. At the end of May, 1956, there were 194,035 persons in receipt of pensions under the act, with a total annual liability of $128,685,908. During the last five years, or even during the last 10 years, one trend which is very evident is the constant decline in the ranks of world war I pensioners, both veterans and dependents, and the steady rise in the number of world war II pensioners. As I informed the Legion convention at Vancouver, the Canadian pension commission has completed several reviews during the last two years, undertaken as part of the policy of ensuring that the maximum benefits of the Pension Act are made available to veterans, and this committee may be interested in some of the results.

These reviews were carried out in conjunction with the regular work of the commission, and in co-operation with the treatment services branch of the department. One of these was a review of all world war I pensioners whose disabilities were assessed at 40 per cent and 45 per cent. As hon. members know, these awards were stabilized if they had been in effect for three years or more, but we were of the opinion that a medical re-examination would disclose an increase in disability in many instances.

The chairman of the commission, Brigadier J. L. Melville, issued orders accordingly and over 3,000 such pensioners were re-examined. As a result a very substantial number of these awards were increased to 50 per cent or more, making their dependents eligible for an award in the event of death.

Similarly, a review was undertaken of all awards to world war I veterans for defective hearing, which awards had also been stabilized. Over 6,000 reviews were arranged and it was found that there had been a further deterioration in hearing acuity in more than half of these pensioners. This additional loss has been compensated for by a corresponding increase in their awards.

At the beginning of 1955 a more liberal policy in respect to awards to dependent parents was placed in effect, and a review commenced of all such awards in payment. It was felt that these recipients were entitled to similar consideration, respecting allowable income, as were recipients of war veterans allowance and old age assistance. The total allowable income for one dependent parent is now $85 monthly, except for widowed mothers who may have $95, and $120 per month for two dependent parents.

In the two-year period since the enactment of the amendment to the Pension Act which provided for the payment of additional pension for legally adopted children, additional pension has been awarded on behalf of nearly

3,200 adopted children, a much larger number, I must say, than was originally anticipated.

Since the passing of the Children of War Dead (Education Assistance) Act, 679 children of those who gave their lives for our country have been approved for educational assistance. The students are enrolled in nursing, teaching, engineering, business administration, law, medicine and many other courses. We are convinced there will be substantial increases in the numbers of students approved for assistance under the act during the next few years, as most of the eligible children are still in secondary or even primary school at this time.

Under the veterans' treatment regulations the department provides treatment, hospitalization and domiciliary care for veterans and for other authorized persons under certain circumstances. This, of course, is one of the most important aspects of the work of the department. The cost of our treatment services last year amounted to $45,381,181, including hospital construction in the amount of $3,465,177.

The amendments to section 13 of the treatment regulations last year—this is the section with the sliding scale of charges designed to protect the veteran against hospitalization costs which might ruin him financially—came into effect on August 1, 1955. During the last fiscal year 6,359 patients were treated under section 13 at a cost of $2,356,563.90. Of this amount only $546,726.61 was charged to the patients, which I believe shows the effectiveness of the sliding scale.

Here I should like to mention the fact that the Department of Veterans Affairs suffered a severe loss last December in the untimely death of Dr. Wilfred Parsons Warner, who occupied the post of director general of treatment services for the last 10 years. Hon. members will recall that Dr. Warner had been responsible for the setting up of our hospitalization system throughout Canada in the Department of Veterans Affairs. I know he will be remembered by veterans for his professional qualifications, for his human and down to earth approach to their problems, and for the success he attained in providing veterans with the best possible care and medical treatment available anywhere.

The department has been fortunate to obtain the services of Dr. John Crawford, formerly with the Royal Canadian Medical Corps at the Department of National Defence. He is the new head of treatment services. He brings to veterans' affairs sound professional qualifications, with a good background of administrative experience.

As hon. members know, 100 years ago Queen Victoria authorized a medal to be made from the metal of the guns which had been captured at Balaclava and to be awarded for valour in the presence of the enemy. It was known as the Victoria Cross. This year, during the week commencing June 25, the centenary celebration of the award of the first Victoria Cross took place in London, Canada being represented by a large group of V.C.'s and relatives, of whom two are members of this house.

Under arrangements made by the Canadian V.C. centenary committee and with the cooperation of T.C.A. and various shipping companies, a total of 118 persons were provided with transportation to the United Kingdom by air and sea at public expense.

The V.C.'s, who included two still serving in the army, numbered 36. They were accompanied by 37 relatives, and there were also 44 relatives of posthumous and deceased V.C.'s. Although I have not as yet received an official report, I am informed that the ceremonies were most impressive and the arrangements for the Canadian party in England extremely well handled by the staff of the D.V.A. office in London, England, and the officers of the Canadian joint staff, national defence, to whom my appreciation is extended. I feel that all of us will be honoured by the prominent part played by Canadian V.C.'s and their relatives in this unique celebration.

Before taking my seat, Mr. Chairman, I should like to mention the national memorial and cenotaph which, as I announced in the house some weeks ago, will be built on Nepean point overlooking the Ottawa river. As I said in the house, the world war II Book of Remembrance and any similar books which may be prepared in the future, as well as a copy of the world war I Book of Remembrance, will be housed in this national memorial. The matter is now in the hands of my colleague the Minister of Public Works, and I understand that the architects are presently engaged in preparing the plans and specifications.

The annual report of the Department of Veterans Affairs has been edited and it is now in the hands of the queen's printer. Full statistical information regarding the administration of the department will, as usual, be found in that report. I, of course, will be glad to give all the information I have to members of this committee on any aspect of the work of the department, either under this item or subsequent items.

Mr. Brooks: Mr. Chairman, we appreciate the remarks of the minister and his comprehensive report of the veterans affairs department. May I, at the outset, join with him in expressing the appreciation which I know the people of Canada feel for the attendance of our V.C.'s at the centennial celebration in England, and particularly the two who represented us from this House of Commons.

The minister truly said that there has been no legislation this year emanating from the veterans affairs department. I was pleased to hear him say this does not mean that the department does not realize there are amendments which should and must be made to the different veterans' acts. When we review the estimates, Mr. Chairman, we realize there has been very little change in the department during the last year. As a matter of fact the estimates for last year, 1955-56, were $245,808,151 and for 1956-57 they are practically the same, $245,413,819. This shows that there has been very little change in the veterans department.

The minister mentioned the fact that the veterans' charter is the basis of veterans' legislation. We who have been here for many years, since 1945, realize that the veterans' charter did contain some very comprehensive legislation covering the needs of veterans. We also realize that in these changing times there must be changes in veterans' legislation. I remember that in those days the veterans' committee was the busiest committee in the House of Commons. This was true not only in 1945, 1946 and 1947, but right through until that legislation was completed. Then again during the Korean war we were fairly busy bringing legislation up to date to see that the veterans of Korea received the same benefits as the veterans of world war I and world war II.

There is a feeling amongst some veterans, Mr. Chairman—possibly it is not justified—that now there is no war the government believes there is little need to attend to veterans' problems. I think this idea gains ground from the fact that at the present time we have a minister who is sharing his activities with the Post Office Department. In previous debates this year this matter has been brought before the house, and it was before the Legion's convention in Vancouver. I think it is generally felt that the veterans would like to see a full-time minister on the job.

There are so many ramifications to veterans' problems. We only have to listen to the minister's report this afternoon to realize the many problems facing the veterans department and the minister. There are homes for veterans, farms, businesses, insurance, fisheries, pensions, war veterans' allowances, hospitalization and many more that I could mention. I do not believe there is any department of government that has to deal more with human problems and the human element than has the veterans affairs department. Even the health department is not concerned with these problems to the same extent. In the field of health there are health departments in the different provincial governments and the municipalities. Veterans affairs is an exclusive problem of the federal government.

We feel there should be a full-time minister. I might say that anything which might be considered as neglect of this department—and I do not say there has been neglect, particularly—but anything which would make the veterans feel this department was not as important as other departments, gives them serious worry. The veterans of this country are very jealous indeed of their Department of Veterans Affairs. I do hope this is the last session of parliament in which we shall see a part-time minister dealing with this most important department. In addition, the Post Office Department is a very important department. I could name other departments of government in which I do not think the ministers are very busy or need to be very busy. If the work in these two departments which should be done by the minister of a department is to be done, a minister should be on the job full time in each department.

The minister spoke about the possibility of new legislation. There is no question in my mind, Mr. Chairman, that the many acts which he mentioned this afternoon do require amendment; there is no doubt in my mind or in the minds of veterans across Canada that there are many problems and many things concerning veterans which must be considered and brought up to date. I think we can show, for instance, that there has been considerable unfinished business. When I say "unfinished business", Mr. Chairman, my mind goes back to the different meetings of the veterans affairs committee in this House of Commons, when matters were repeatedly brought before the committee and the government having to do with amendments which should be made to certain acts, particularly the War Veterans' Allowance Act.

I should like to deal with that for just a few minutes. I shall deal with it under the head of unfinished business as far as the department is concerned. I was very pleased to note, and not surprised in the least, that at the convention of the Canadian Legion in Vancouver a short time ago some of these problems were again brought to the attention of the country

by resolutions presented to the convention. I might say in passing, as has often been said in this house, that I suppose one of the finest pieces of veterans' legislation that has ever been presented to any parliament was the war veterans' allowance legislation that was presented to this parliament in 1930. The history of that legislation has been given a great many times, and it is not necessary to repeat it this afternoon.

I should like first to mention the ceiling on the war veterans' allowance. This is not new, Mr. Chairman; it is something which has been discussed at every veterans' meeting we have had in the past five or six years. As the minister pointed out, the ceiling on income for single veterans is $840; the ceiling on income for the married veteran is $1,440. The minister and other members, particularly the members of the veterans' committee, will recall that the recommendation which was made in 1952, I think it was, and repeated again in 1955, was that the ceiling should be $1,200 for single veterans and $2,000 for married veterans.

This was recommended to the committee after very serious study by Legion committees all across Canada. It was a great disappointment to veterans all across Canada when the government did not see fit at that time to raise the ceiling. It has worked a great hardship on many individuals who are recipients of war veterans' allowances.

As far as the employable veteran is concerned, it was argued that the ceilings were high enough because under the present ruling regarding casual earnings the veteran who is employable can earn an extra $600 a year; also, under section 4 of the act a veteran during months of employment could earn whatever was possible for him to obtain. So far as the employable veteran was concerned the ceiling did not mean very much. The very fact that the department increased the allowable casual earnings, and the very fact that we have section 4 of the act, were a recognition that more money was necessary as far as the unemployable veteran was concerned. The unemployable veteran, the man who has nothing but his war veterans' allowance or perhaps a small pension, is placed in a very serious position.

I want to emphasize this afternoon that one of the first things to which the Department of Veterans Affairs should give attention is this matter of increasing the ceiling on the war veterans' allowance. For instance, take the veteran who has reached the age of 70 years. If he has no other income but his war veterans' allowance, owing to the ceiling he can obtain only part of his war veterans' allowance because he is also a recipient of the old age pension. If he is single he can receive a total of only $820 a year. Then there is the disability pensioner. These things are not new. I know hon. members have heard them discussed in the veterans' committee. We brought in amendments and pressed for these considerations in 1952 and 1955.

The disability pensioner with a small pension of $25 or $30 a month is also prejudiced against. If he is a single man he cannot receive more than $840 a year; if he is married he cannot receive more than $1,200 a year. Take a man who has worked hard during his life and at the time of retirement has a small superannuation allowance which he has earned. If he receives $25 or $30 a month as superannuation allowance he is prejudiced under the present ceiling of the War Veterans' Allowance Act. Of course we have been told that there is an assistance fund. Well, the assistance fund amounts to $10 a month and is given only to those who have absolutely nothing except their war veterans' allowance. If they are in receipt of $60 a month they may obtain another $10, bringing the amount up to $70 a month. If one is to judge from the amount of money which has been paid out by the department, very few people are receiving any substantial amount from the assistance fund.

As far as the employable veteran is concerned, he is not going to be employable for very many more years. He is employable today because his health is good. These men of the first world war are old men today. The average age of the war veterans of the first war is in the vicinity of 66 or 67 years. In a few years these men who are today earning extra money will not be able to earn that money. The numbers of unemployable veterans are increasing every day of every month. I do hope this matter will receive very careful consideration at the next session of parliament.

Something else which was brought up at the Legion convention at Vancouver which hon. members have been mentioning for many years was this question of granting the war veterans' allowance to men of the first war who had service only in England. I have always felt that these men were entitled to consideration. I think that entitlement is emphasized today more than at any other time. These are old men. Many of them served in England because they had no choice; perhaps they were good at training men in the reserve areas. Perhaps they were men who either worked at headquarters in London or at some particular job which did not permit them to go to France. Spending four years of army life away from home was not easy on them. While the original idea

of the war veterans' allowance was to give it to men who had served in the front lines in the trenches—and that is the reason these men have been denied it—that idea has been altogether changed as far as the war veterans allowance is concerned.

I would like to point this out as well. The mere fact that a veteran set foot in France qualifies him for consideration for the war veterans' allowance. Perhaps he arrived there in 1918 in the very last month of the war and perhaps he did not get within miles of the trenches; but nevertheless that man is entitled to consideration for war veterans' allowance. But the man who spent four hard years in England frequently working under very trying conditions is not entitled to consideration.

To emphasize again how the original idea changed regarding service in the trenches, I would point out that men can receive the war veterans' allowance today if they have had dual service. That means they may have simply arrived in England during the latter days of the war and never gone to France and served in Canada here during the second world war. Such a man is entitled to war veterans' allowance but, as I say, the man who had four years of hard service in England does not receive any consideration.

When this matter was up before, the question of the time of arrival in England was mentioned in the committee. We know there were thousands of men who arrived in England for training just about the time the war ended. I think perhaps an amendment might very well take into consideration the fact that the man who had gone over in 1914, 1915 or 1916 and who had long service there should be entitled to consideration, but not the man who arrived in England just a short time before the end of hostilities.

The matter of the cost was mentioned in the 1955 committee. At that time we were told that it would cost an estimated $9 million. That estimate seems very high to me. The minister told us today there are 51,000 recipients of war veterans' allowance. That figure includes men of the first war, men of the second war, men of the South African war, men of the northwest rebellion and all the widows and other dependents. I suppose the men who served would total approximately 30,000 all told. Out of that 30,000 probably 25,000 are veterans of the first war. I think the 11,000 who were mentioned as those who would be entitled as recipients of the allowance for service in England if an amendent were made is a figure that is out of all proportion. I think it is an exaggeration and should be carefully reviewed once more. As I said before, many of them are men who arrived in England just as the war was ending. This is a matter which I feel should and must be considered. These men feel a great injustice is being done to them, and I share that view.

At every veterans' committee we have had during the past ten years we have had a group of very nice old ladies visit the committee, and they have always presented an interesting brief. I refer to the widows of our allied veterans, the non-pensioned veterans' widows. A veteran who did not serve with the Canadian forces but who served with one of our allied forces and who lived for 20 years in Canada was qualified in the same way as our own veterans to receive the war veterans' allowance, but he had to reside 20 years in Canada. If he qualified, his widow would automatically receive the war veterans' allowance at his death.

Many of these allied veterans lived in Canada for almost the required 20 years—18 or 19 years, and sometimes within a few months of the 20 years—and then died and their widows received nothing. These ladies who visit us, as I said, have made application time after time that they be considered for pensions if they themselves—as widows of allied veterans who had every qualification except 20 years' residence—have resided in Canada for 20 years. I think that is a reasonable request. I am sure this house will be surprised to learn that the total estimated cost presented to us in this regard is between $300,000 and $400,000; there are about 700 of them, according to the evidence we have had.

Here again is something that should be taken into consideration when the War Veterans' Allowance Act is amended, in justice to these women. As the evidence before our committee last year revealed they are dying off very quickly, and there would not be any great burden on this country even if their number were increasing, in view of the small amount of money required to take care of them.

I believe there should be a review of the Pension Act; it should be brought up to date. I hope at the next sitting of this house a veterans' committee will be set up which can review our Pension Act to see if the pensions we are paying are at all in line with the cost of living as it has changed from year to year.

When the minister was speaking he mentioned the cost of dependent parents. I am pleased that this matter is receiving consideration, because I have always felt it was a great injustice that we did not give consideration to pensions for dependent parents at the time we increased the pensions for widows from $75 to $100. If a dependent parent lives with a widow who is receiving the $100 a month and if that widow has children the

parent can receive only $40 a month. If the widow marries and the dependent parent has to seek a home somewhere else, she still receives only $40 a month. This has created a hardship for many dependent parents, and I am sure if it were properly adjusted it would not cost this country very much.

The minister has referred to hospital treatment. When the Legion met in Vancouver there were present veterans from the United States. At the present time a pensioner living in Canada receives hospitalization which is more or less satisfactory, but if a Canadian soldier living in the United States requires hospitalization he receives it for his disability alone. As the minister has said, these men are getting older all the time and the disabilities which they suffer bring on other disabilities. They are men of 65, 67 and 70 years of age.

The representatives of Canadian veterans living in the United States asked for a new reciprocal deal for the Canadian veteran living in the United States and also in Great Britain or other countries. They asked that when hospitalization was required it be paid for by the Canadian government, and that a reciprocal arrangement be made whereby the United States veteran living in Canada would receive hospitalization here when required.

This comes under section 13 of the treatment regulations. In the information sent out by the department entitled "Should Illness Strike" there is this sentence:

> This treatment is available to veterans in Canada only.

The words "in Canada only" are emphasized. There are some 35,000 Canadian veterans living in the United States, a small proportion of whom are pensioners. The spokesman for this group at Vancouver was Mr. Wright, who said:

> The Canadian ex-serviceman below the border is entitled under the present act only to his disability allowance.

He was referring to hospitalization for disability only.

> He forgoes everything else. If he can't afford to travel back to Canada when he is sick, then he must pay the shot where he is.

This is something we could very well take under consideration. While these men are living in the United States, they served in the Canadian army just the same as those who are living in Canada, and received their wounds in the same battles.

There is another matter with which I do not intend to deal at any length at this time, as it can be discussed when the items are before us. I refer to the need of homes for older veterans, a matter which I have brought up before. This is an increasing problem, and I note that the department realizes this because on page 15 of the departmental report the following appears:

> General welfare needs of older veterans are increasing in importance and volume, and a sustained effort is required in helping them with their problems. More world war I veterans are becoming retired or able to do only light employment, entailing increasing calls on the department's statutory provisions for assisted maintenance, and co-ordinated search by the staff for suitable work.

The whole point is that the day is fast coming when these men will no longer be able to look after themselves, and I am referring now not only to veterans but to all older people. This is becoming a serious problem in this country and homes for older people should be established all across the country. Not long ago I read an article in the *Saturday Evening Post* dealing with nursing homes in the United States to which older people were farmed out and left to await death. In countries like Great Britain, Sweden and many others, provision is being made for older people. With the provinces, the municipalities, the Department of National Health and Welfare and the Department of Veterans Affairs working in conjunction something along this general line should be done for our veterans and our older people.

On April 27 I asked the minister a question regarding the protective staff of the house, and he promised that he would give a reply later on. I asked whether military service applied in connection with seniority.

The Deputy Chairman: It is five o'clock and the house will revert to the consideration of private and public bills. Perhaps I should point out to the hon. member that he has exceeded his time, but with the unanimous consent of the committee he would be permitted to complete his statement when the committee resumes.

Progress reported.

Resolutions adopted in committee of supply this day reported and concurred in.

PRIVATE BILLS

The Acting Speaker (Mr. Applewhaite): I have been given to understand that it is not intended to proceed with any public bills, although it is the right of any hon. member to have any particular bill called if he so desires. All items under this heading can stand by unanimous consent.

Some hon. Members: Agreed.

The Acting Speaker (Mr. Applewhaite): Then the house will revert to the consideration of the business which was interrupted at five o'clock.

SUPPLY

The house in committee of supply, Mr. Applewhaite in the chair.

DEPARTMENT OF VETERANS AFFAIRS

498. Departmental administration, $2,215,472.

The Deputy Chairman: Do I take it that the hon. member for Royal has the unanimous consent of the committee to proceed?

Some hon. Members: Agreed.

Mr. Brooks: I wish to thank the committee for its courtesy. I do not intend to take much more time, because there will be plenty of opportunity to discuss these matters when the items come up. At five o'clock I was calling the minister's attention to the question I asked on April 27. I do not think I need to extend my remarks on that. When he replies to some of the other questions I hope he will give that further consideration.

Mr. Lapointe: I think I did reply to that question the following day.

Mr. Brooks: Perhaps I was away. I will check on it. I was pleased to hear the minister pay his tribute to the Canadian veterans' organizations. We have always felt in our committees and in the house that the organizations he mentioned, the Canadian Legion, the national council of veterans and others, have given great service to war veterans all across this country. As a matter of fact I was greatly interested in an editorial in a recent issue of *The Legionary*. The editorial is headed, "Legion Principles", and I should like to read one part with which I agree 100 per cent.

> They have by their ceaseless efforts sought to secure just recognition of the hard-won rights of their disabled comrades, of the widows and dependents of those who made the supreme sacrifice. These will always be their first responsibility. They have sought justice for those who have become prematurely aged by the exposures and privations of war. They will continue their efforts on behalf of these gallant men who, having saved their countrymen from oppression and slavery, only ask for a modest allowance sufficient to maintain themselves as self-respecting citizens.

I think that sizes up the situation as far as the efforts of the different veterans' organizations are concerned. I could make a comparison, Mr. Chairman, and perhaps it is not out of place to do so. I remember that after the first great war there were thousands of veterans in the United States who marched on Washington and demanded a $10,000 bonus. Recently we have seen them again asking for enormous amounts of money. I should like to refer to an editorial in the *Christian Science Monitor* of June 12, 1956.

[The Acting Speaker (Mr. Applewhaite).]

It mentions the bill the veterans are trying to get through congress and has this to say:

> This bill would grant within two months of enactment a monthly pension of $105 to any veteran of the two world wars or of Korea who has reached the age of 65 and whose income, if married, is less than $2,700 or, if single, less than $1,400. The criterion is reaching 65, not wounds, sickness, or accident suffered during military service.

The editorial goes on to say that if the bill should pass it would mean a cost in excess of $400 billion to the American people in the next 44 years. I simply mention this to contrast the difference so far as the Canadian veteran is concerned. I am not saying this in disparagement of the United States veterans, but we all know that Canadian veterans of the first world war served for four years in France while many United States veterans did not serve in France for more than a few months. Our Canadian veterans, under the leadership of the different veterans' organizations, have never at any time been unreasonable in their requests to the country or the government. Neither the Canadian Legion nor the other organization has ever made excessive demands upon the people of Canada. I believe the demands to which I have referred this afternoon are very modest. I believe they are demands which could and should be given consideration by the Department of Veterans Affairs.

I was pleased to hear the minister mention some of his officials, particularly Dr. Warner. We know what splendid service he gave. I should also like to refer to Brigadier Topp, formerly of the Canadian pension commission but now retired from that position. I am sure all veterans valued the great service Brigadier Topp gave to veterans before his retirement. I am not going to impose upon the committee any longer. I have been granted extra time, but I will have time to discuss many other matters later. I wish to thank the committee for their courtesy.

Mr. Gillis: Mr. Chairman, I want to join with the minister in his reference to the loss the department suffered in the passing of Dr. Warner. I was one member of the house who was privileged to do considerable work with him from time to time and to go to him to find the solution to certain problems. I join with the minister in his expression of the loss that has been suffered. Anyone who took an active part in trying to iron out problems with reference to treatment particularly found a very active friend in Dr. Warner, and I think the veterans' hospitals across Canada, which compare with any hosiptals in the country, will stand as a monument to his memory. I trust that the man who has taken

his place will be able to fill his shoes. He has been set a pretty hard task.

I listened with interest to the minister's report, and I want to compliment the department for the things they did without any urging or any pressure. It indicates to me at least that whether or not we are pushing the department, there seems to be a constant review within the department and the pension commission so far as pensions and the welfare of veterans generally are concerned. The fact that without any solicitation, as far as I know, the 40 per cent to 45 per cent cases were re-examined and adjusted to 50 per cent by the commission is to me a thoughtful and generous gesture on their part, because not only does it give the veteran the additional income but it also protects his wife and family in the event that he passes on.

I want the minister to know that as one member who is interested in the commission I appreciate that gesture very much. I believe that the fact that there was a re-examination of 3,000 cases in certain categories and that they were stepped up to the 50 per cent mark represents a pretty fair assessment on the part of the commission, and I think they should be complimented for it. As an opposition member I believe in shoving them when I have to, but also in giving credit where credit is due.

The minister mentioned another item for which I think we should express our appreciation. He referred to the fact that 3,200 adopted children have been brought under the act for pension purposes. That not only serves the purpose of giving the children some security, but also serves the purpose of encouraging veterans who are pensioners and in a position to adopt children to do so and give these children homes. I know many institutions across this country which have the responsibility of caring for unfortunate children will appreciate this gesture on the part of the minister. I think that is a problem that was crying for a solution for some considerable time. I am glad to see that—again without very much urging or pushing—the department or commission saw fit to make that adjustment.

Another matter under the minister's department, according to his report, that I thought was encouraging was the educational assistance made available just a couple of years ago to veterans' children in certain categories. The fact that 609 children were able to take advantage of that legislation shows that it was needed. As time goes on I think more and more use will be made of it. I just wanted to say that in appreciation of what the commission and the department have done during the time since the last veterans' affairs committee met.

On this matter of the minister occupying the dual position of Minister of Veterans Affairs and Postmaster General, may I say this. I received one letter on the question. Of course it represented a command within my own area. My answer to that letter was that I did not think the fact that the minister was obliged to make an announcement in the house occasionally on behalf of the Post Office Department—one that was handed to him by the deputy postmaster general, who runs the department anyway—had detracted very much from the minister's performance of his duty as Minister of Veterans Affairs. I do not think it involved a great deal of work because, as I have observed it during the time I have been here, that is about the situation. But I do not think that the minister should continue to be obliged to accept that responsibility. The Minister of Citizenship and Immigration does a very good job in that field, and he had the portfolio for some time. In order to remove any thought on the part of the veterans that the minister is occupied fully by the Post Office Department, I suggest that the department should be handed over to the Minister of Citizenship and Immigration.

Mr. Pickersgill: Thank you very much.

Mr. Gillis: The reason I say that is this. The Minister of Citizenship and Immigration and the deputy postmaster general are old friends. They occupied the same office for a long time. They both live in Ottawa. I am sure you get along with him much better than does the Minister of Veterans Affairs. I just want to say that I never considered that matter too seriously, because I fully realize just how much work there is involved in making these announcements. As to the people who have complained, that is all I have heard. Of course if I thought the dual position in fact detracted in any way from the minister's handling of his own department, I would be one of the first to complain.

There are a few odds and ends which I think still require cleaning up. One is the matter of casual earnings. I believe the department should give serious consideration to lifting that ceiling. I believe that the demand of the Legion for $2,000 for the married recipient of war veterans' allowance and $1,400 for the single person is reasonable. We have the fact that the basic amount is set at $108 plus $12 in certain cases bringing the allowance up to $120. Lifting the ceiling on permissible earnings does not mean that it is going to cost any more. It is not going to cost the government any more. However, it will provide an incentive for the recipient of the allowance to go out and try to earn something.

I think that particular point should be given serious consideration by the minister's department.

The second sore spot, in my opinion—and it is becoming more apparent as time goes on—is the discrimination that exists in the war veterans' allowance as between the man in the second war and the man in the first war. A veteran of the second war, because England was declared a theatre of war in certain circumstances, can qualify for veterans' allowance. The veteran of the first war cannot do so. As has been pointed out time and time again, I think you are safe in saying that at least 90 per cent of the men of the first war who stayed in England did so because they were ordered to stay there. They were cooks, technicians and people who went into the pay and records offices. They were instructors and that kind of thing. They were under orders to stay there. I know many of them who wanted to go over to the front and who broke their hearts to leave their units.

These people did not suffer the hardships of the trenches, and they were not wounded. People of that calibre came back, and they were people who had either a profession or a trade; they had training of some kind. They were people who could come back and find a job in this country, with a reasonable degree of health, and they have been employed. Now they are getting along to the age of 65 and maybe to 70 but they are not old enough for that $40 a month and they still cannot qualify for war veterans' allowance.

I think it is time something was done for them. As the hon. member for Royal said, even if you took them on now, you are not going to have them very long. Many of them are getting around to the point where they are not going to be here much longer. The situation is a piece of discrimination. I know I am getting a good deal of correspondence on the matter now, and it is only within the last few years that I began to get it. It arises because of the fact that they have been moved off jobs because they have reached the retiring age, many of them in industries and what have you that do not have any pension schemes, and they just go out with nothing. I receive some rather pathetic letters from them.

Looking at that age group again and the question of establishing homes for them, may I say this. I do not know what the situation is in the rest of the country, but I know that in Halifax, at Camp Hill hospital, there is an annex that is designed for that purpose. I have looked it over. I know many of the people there. The Red Cross maintains an institution close by where meals and recreational facilities are available at very low cost in comparison with what you must pay in the city. During my last visit there I found the men to be quite happy and contented. They have at their disposal a nurse who stays there with them. There is a doctor who comes in there and takes care of them. Some of them are placed two in a room. Others have a room to themselves. I did not hear any complaints.

That is the situation around Camp Hill in Nova Scotia. I do not know what happens in the rest of the country. I think the veterans will have to stay together. They want to be together. You cannot farm them out into the regular old people's homes. They have something in common. They want to reminisce about their experiences. When there is a group of them together they are quite happy and they can keep occupied. They do a great deal of work there making handbags and bracelets. They can pick up the odd bit of change in that way. Of course that is the situation at that one point, but I assume it is just about the same across the country. I trust the minister will give serious consideration to changing the act to include veterans of the first war for war veterans' allowance purposes.

Another pet complaint that I have had for some time is with respect to the imperial veterans' widows. As to the imperial veteran who had 20 years' residence in this country and passed away, his widow can qualify for war veterans' allowance. Even with respect to a veteran of the Italian army in the first war living in this country who passes away after 20 years' residence, his wife can qualify for war veterans' allowance. But the imperial veterans' widow who finds herself in the position that her husband passed away perhaps six months or a year before he completed the 20 years' residence qualification finds she cannot qualify for the pension.

There are not very many who are affected by this. I know there are two women living close together, both of whom came to this country at about the same time, and one widow gets the pension while the other does not. I think that distinction should be removed. The fact that a man lived in Canada, worked in Canada for perhaps 18 or 19 years, paid taxes in Canada, established a home in Canada and died in Canada surely should be sufficient qualification. He was not out of the country.

I think when that clause was inserted in the first place it was designed to be used in the case of people who came here for four or five years and then went back for three or four years. However, when the residence has been continuous until the time of the man's death, I think the widow should

qualify. It is a very sore point in my part of the country. I know it is in my riding, because we had a lot of imperial veterans who came to that part of the country after the first war.

Another matter I hope the minister has in mind, because it involves national defence and veterans affairs, is the matter of unemployment insurance for men in the service. During the last committee meeting the Legion recommended that we should give consideration to bringing service personnel under the Unemployment Insurance Act on a contributory basis, just like any other employee in industry.

Mr. Lapointe: That is national defence.

Mr. Gillis: That is right, but it has to be handled by both departments. I have talked to the Minister of National Defence about it twice. His department was going to conduct a survey to ascertain if the men in the service wanted to come under unemployment insurance. I do not think that is the proper approach. If you went out and conducted a survey in any industry as to whether the employees wanted to contribute something, they would say no.

I think it is up to the Department of National Defence, with some urging from the Department of Veterans Affairs, to bring this about for a lot of people who enter the service and who do not know where their best interests lie. They sign up for three years or five years, perhaps intending to stay and make a career of it. Some men going into the service today leave jobs, and there is no civil reinstatement act applicable when they come out. They are unemployed.

Some of them still think the old system prevails, just as it did for the veterans of world war II and Korea. Those fellows got unemployment insurance and these fellows think they should get it, too. I know, because I meet quite a few of them. I tell them if they went into the service after a certain date they are not covered.

The service is going to be a career. It is employment for some of these people and I think they should be protected against unemployment when they come out. In the defence debate I pointed out to the minister that the wastage from the services during the one year 1955 equalled the number that was taken in. What they call wastage are those people who are weeded out, people who cannot qualify. They cannot meet the standards but they are kept in perhaps two, three or four months or a year and then weeded out. The number going out in 1955 equalled the number coming in, and that is quite a large group of men. Most of these fellows would not find employment for some time, and they are not protected by unemployment insurance. I think the approach your department should make to national defence is that if you are going to canvass the services and ask the men if they want to contribute something, the answer will be no.

If this government, after due consideration and a proper analysis of the problem based on statistics, determined that it was in their best interests to protect them, then laws would be passed. There will not be much fault found with them. I know I would not have very much trouble convincing a group of boys in the services today, who are not thinking very much about anything but having a good time—I did the same thing at their age—that it would be in their best interests to have this. It would only cost a few cents a day, so knock off a few glasses of beer. I know national defence is thinking about it, and I trust the minister will also lend his weight to it.

There is something I said at one committee meeting and I have talked about it several times since, but I want to mention it now. Are the service bureaux across Canada adequately staffed? Within the last year or so we were unfortunate enough to lose the chief pensions advocate at Halifax. He dropped dead as the result of a heart attack. A Mr. C. P. Coleman took his place, and I believe he is a very good man and doing a very good job. He has not been there long. I have had considerable correspondence with him. I have met him, and I think he is an excellent person. I believe the man he replaced went out very quickly because of the stress and strain, the long hours of meticulous work examining these files, assessing evidence, preparing new files, checking forms and trying to get doctors' reports. It entails burning a lot of midnight oil.

They have staffs to help them a little bit, but I do not consider they are adequate. I believe men like Coleman at Halifax, who handles all the Nova Scotia problems, should at least have another top flight man with him. I believe there is plenty of work for two men. We have all seen cases where the commission is blamed for delays, but I believe in fact the point of delay has been in the service bureau office because it was not able to handle the volume of work. I think the minister's department should take a square look at the staffs in the bureau offices to ascertain if they have all the personnel they need.

I have another problem here which is an old, outstanding one. It is one about which perhaps very few people have heard. When

the pensions investigators were set up after the first war, they were classified as such and paid a certain salary. When the department was streamlined they established welfare offices and welfare officers. The old pensions investigator was reclassified and designed as a pensions visitor. There are only 15 of them left in Canada and they are all getting along toward retirement age. Last year their salary was brought up to that of a grade 4 stenographer, and then it was increased by $300. This still leaves them receiving $300 per year less than their co-workers who are classified as welfare officers.

What is bothering these people is that for many years they did the welfare officers' work the hard way. They worked out of central offices and covered the province by dog team, horse and buggy or motor car where they could. They went from house to house visiting these claimants. Today the welfare offices are on a district basis. The field men do not go out to any great extent. These old pensions investigators would be on the road for months at a time without getting home. The welfare officer living in the district is home at least every night.

I think they are completely justified in asking to be reclassified into the same category as the welfare officer. That differential of $800 in pay should be made up, because it would mean much to them in their superannuation when they reach the age of retirement. Only 15 people are involved in the whole of Canada. To relieve the anxiety that exists in the minds of those 15 people, and the uncertainty of their future with respect to superannuation, the department should give some consideration to ironing out the problem.

Mr. Hahn: Mr. Chairman, we in this group would join the minister and others in expressing regret at the loss of Dr. Warner. I am satisfied that if the minister has been able to find a suitable successor in Dr. Crawford he is indeed fortunate because specialists are scarce and particularly hard to find. He is to be complimented on his choice.

So far as the group who went to the centennial celebration of the establishment of the Victoria Cross is concerned, we would rejoice in the thought that those who received the reward posthumously were represented by relatives or friends of their families.

I would agree that this department is particularly difficult to administer because it does have a humanitarian aspect and that, of course, calls for a recognition of the sentimental as well as a realistic view of the obligation we have to the men and women who are being served by the administration. I am sure we all realize it is difficult at times to decide whether a case is one of merit or whether it should be denied. It makes me often wonder whether one can legislate for humanitarianism.

It is therefore with a great deal of joy that I am able to tell the minister that I am very happy over the co-operation I have had from the department, from the minister, his officials, his parliamentary assistant and others. I think this department is one that has captured the spirit of the government and of the administration, which in this case happens to be to assist rather than to resist those for whom they are trying to work. I feel the minister is to be congratulated on the job he is doing. If he can handle both portfolios of which he is now in charge as well as he has been handling the one department of which he has been in charge in the past, I am satisfied that no one in this country should suffer because of his administering those two departments.

My reason for making these remarks, Mr. Chairman, is an incident that took place during the recess. During that time it was my task to draw to the minister's attention, or to the attention of his officials and his deputy, Mr. Garneau, the case of Mr. Frederick J. Hards, who was suffering from sclerosis. He, his wife and three children had to live entirely on a family allowance cheque which amounted to something like $15 a month. He is a war veteran of the second world war. This young man and his family were suffering, and it was drawn to my attention. The legion branch in New Westminster and other interested bodies immediately got in touch with the minister's office, and within a matter of a week I was pleased to receive a reply indicating that consideration was being given. As Mr. Garneau said in his letter of September 28, 1955:

> I am very pleased to state that the board has now come to the conclusion that, in accordance with the act, veterans of world war II who had actually left the shores of Canada before the 8th day of May 1945, and were on their way to an actual theatre of war, may be deemed to have been on service in a theatre of actual war outside the western hemisphere.
>
> I have therefore advised the Vancouver district authority accordingly and I have no doubt that the case will now be dealt with solely on grounds of entitlement as otherwise provided for in the legislation.

The fact that it was dealt with on entitlement was, of course, an important factor and brought to my mind the thought that it is difficult to legislate for humanitarianism. I am sure the department will be pleased to know that the community of Langley in which this young man lived, as well as others who were interested in the case, including myself, are pleased with the work that was done and with the objective way in which this case was treated.

However, as in all departments, all cannot be said to be well so far as every phase is concerned. With respect to this department, I view with some regret the loss of several trained appraisers we had in the New Westminster office of the Veterans' Land Act. I cannot help but think it is most difficult to replace some of these men from time to time. I wonder whether they have been replaced, or whether it has been decided that we do not require replacements in the area.

I know there is a very heavy drain on trained personnel by private industry, which pays higher rates and also has other inducements such as the possibility of progression that is not experienced in governmental jobs, and which cannot be offered to civil servants from time to time. That applies particularly to the appraisers in this branch. Therefore I viewed with some concern the possibility that we might have lost some very competent men who were needed in the department.

The question of the plight of the wives of imperial war veterans whose husbands died before completing the 20-year period which would make them eligible for war veterans' allowances under the act was raised and has been raised for many years. In *The Legionary* magazine of April, 1956, I find on page 35 an article entitled, "A Happy Marriage". I am sure every hon. member here will be pleased to know that the marriage between the imperial veterans and the Canadian Legion has been consummated, for we feel satisfied that in unity lies strength. Possibly the strength of this new union will result in obtaining that which these widows have been trying to get for so many years. I well remember last year and previous occasions when they brought their brief before the committee and presented it in their capable way, and drew to our attention how necessary it was to try to do something for them. This article says in part:

> We are, however, disappointed that the dominion government has not yet acted on the many representations requesting entitlement to the benefits of the War Veterans' Allowance Act for those widows of imperial and allied veterans whose service-husbands died before having established the 20-year qualifying residence period.

The article goes on:

> We have evidence that the deceased commonwealth veterans for whose widows we now seek help, died in many cases only months and, in some cases, actually only weeks before having lived in Canada for the 20-year qualifying residence period.

Surely we should be in a position to give greater recognition to the few who are left, who have lived here for so many years. Surely we can prove that we in Canada are not as completely hard-hearted as this article would make us out to be. According to the best figures we can obtain there are only a matter of some 500 to 750 who remain who might be eligible for an allowance. I am sure that many of them are in receipt of the old age pension at this time. Certainly it would not add too materially to the cost if we were to give these widows an allowance under the act as it might be revised. It is not a credit to our country to remain so unrealistic on this point and to be so dogmatic as to insist that because we have not given it up to this time we therefore should not give it in the future. I am satisfied, Mr. Chairman, that if a resolution were brought into this house by the government and a free vote were taken on the question, it would probably receive the greatest support of any piece of legislation that has come before the house to date.

From time to time in committee we have discussed the question and have heard from the ladies who brought the request to our attention. Their request has the support of other Legion groups. On no occasion was there any indication that any party or individual party member would be opposed to granting the assistance asked for by these ladies. It is my sincere hope that this "happy marriage," as it is referred to in this article, will mean this very thing; that it will present the matter in such a light to the government that it will no longer deny these widows that which I believe they have a right to expect.

It was not so very long ago—in fact on November 10, 1950—that the Canadian Legion, dominion command, in presenting its brief to the Prime Minister made such a recommendation in these terms:

> That widows of allied ex-service men be granted war veterans' allowance in cases where the husband died before completing 20 years' residence in Canada provided—(a) that the effective date of her eligibility be 20 years after the husband's arrival to take up permanent residence in Canada, (b) that the widow herself has completed 20 years' residence in Canada, and (c) that the husband and wife were both otherwise eligible.

The brief at that time pointed out that in many cases the husband may have lived in Canada for a lengthy period of time, paid Canadian taxes and seen his sons and daughters serve in the armed forces of this country. What the brief possibly did not point out was that although the husband may have predeceased the wife he did show good intentions in wanting to stay here, in which case, of course, he would continue to be a taxpayer. Because of the fact that many receive the old age pension today, because there are probably only between 500 and 750 who would be eligible, and because I am satisfied there would be no opposition in this house at least, to such a move if it were proposed by the govern-

ment, I would sincerely urge the minister and the government to consider these factors and grant these people the assistance they have a right to expect.

There is one other matter with which I should like to deal. These matters appear to be minor, and if a committee on veterans' affairs had been set up we probably could have discussed them there more effectively. This is a matter, however, relating to the administration of the War Veterans' Allowance Act. While my time is somewhat limited and I do not wish to spend too much of it on this question, I did note that the minister in making his statement indicated that he had asked for a review of the administration and the application in respect to this assistance fund. He went on to say it would be applicable to those who cannot supplement their allowance through casual earnings.

I was pleased to hear him say that, because these are the people who are most in need of assistance. They have no means of obtaining casual earnings, and I was therefore particularly delighted to hear the minister make that statement. The fact is it has been suggested that probably the fund should be made available automatically to those people if the officials find they are incapable of obtaining casual earning.

Another problem which exists in my own province, because we have a health plan there, is the question of working out some plan with the government of British Columbia to make the terms of the hospital insurance act applicable to those who receive war veterans' allowance, on the same basis as if they were old age pensioners. At the present time the hospital insurance act does not give assistance to those who are in receipt of war veterans' allowance, and it therefore creates a hardship on those people when they go into our provincial hospitals. I am satisfied that if the minister or his officials were to see the department of health in my province in all likelihood they could arrive at some mutually satisfactory and amicable solution.

Another problem which has arisen and caused me some concern is the question of the comfort allowance. I have a case in mind in which a patient was in hospital on two separate occasions, the dates of which are important. The two occasions amounted to a full period of about seven weeks. The dates were from March 29 to April 16, and later from April 30 to May 29. As I understand it, under clause-12 treatment it is customary for a patient to be eligible for comfort allowance of $7 per month providing he is in hospital on or about the 27th of the month. He must be there, of course, to receive the cheque.

[Mr. Hahn.]

You will note that the first date was March 29, which was shortly after the 27th of the month. He left the hospital on April 16, before the end of the following month. This patient was not in hospital at a time which enabled him to appear on the list of those eligible for the comfort allowance cheque. On April 30, the date of his next entry into hospital, he was again not eligible because he came in too late; and while he was there on May 29 to be registered, he failed to collect because he was not there on the first of the month when the paymaster came around and he therefore received nothing. As I understand it, on an earlier occasion before the changes were made in the regulations the cheque would have been mailed out to him. Apparently that procedure is not being followed now and this patient was out of luck on both occasions because he happened to enter or depart from the hospital at an unfortuitous time.

The minister indicated, I believe, that the 1956 report is now being edited. There is one item in the report dated March 31, 1955, which interested me as it compared with the 1954 report. On page 11 of the 1955 report and on page 14 of the 1954 report are set out the number of veterans attending universities and vocational schools. We find that in 1954 there were 574 attending universities, which number had dropped to 377 in 1955. The 1956 report is not available as yet, but the indication is that the number attending universities is declining. The number attending vocational schools increased from 111 in 1954 to 346 in 1955. The over-all figures are 686 for 1954 and 713 for 1955.

There seems to be a definite trend toward the vocational schools, and I am wondering why the emphasis is that way, especially in view of the fact that we are so much in need of trained university graduates. Section 9 (1) (b) of the Veterans Rehabilitation Act states that a veteran must commence his course at university within one year and three months of his discharge.

The reason I raise this matter is that I have in mind the case of a young veteran who waited for a longer period before applying for assistance to go to university. Here again I must say that we have been told from time to time that we are in need of trained men, particularly those having vocational or university training. Such men are needed to aid us in our competition with communist countries. Yet this man has been refused the opportunity to attend university when he desires to do so, merely because application was not made within one year and three months after discharge.

I know this young man and I know he would be an asset to this country, even more so if he were fully trained rather than only partially trained as he is today. I would ask that the government review this section of the act. If it is felt that the act should not be changed, then I suggest that each case should be studied on its merits. With the initiative this young man has shown in past years, and with the ability I know he has, he could make a success of life. He simply wants to have that chance which is being denied him because the time limit has elapsed. I submit that these cases should be given special attention, and the act should provide for the consideration of each individual case.

I am satisfied that if that were done we would be in a position to continue to train many veterans in the future, and in so doing would soon be in a dominant position as far as education in this country is concerned.

Mr. Gregg: Mr. Chairman, I do not want to appear to be holding up my colleague's estimates, but in view of what he said in his excellent statement this afternoon and what other hon. members have said I think I should carry out an assignment which was given to me by a number of my fellow travellers last week on the very memorable trip we made to England. I should like to acknowledge, as I am sure the hon. member for Esquimalt-Saanich would if he were here, what was done for us.

I might note in passing that the hon. member is carrying out a mission of great importance and interest to veterans generally, near the city of Mons of armistice fame. In August, 1914 the British Lancers reached a point to the northeast of Mons and then began the retreat. On November 11, 1918 the third Canadian division surrounded Mons and the 116th Canadian battalion, commanded by Lt. Col. George Pearkes, V.C., reached exactly the same area as that which had been occupied by the Lancers. The regimental association of the 116th has since made a plaque which the hon. member for Esquimalt-Saanich is unveiling, with the co-operation of the Department of National Defence, on the 10th of this month. It will stand alongside a similar plaque of the 9th Lancers.

On the hon. member's behalf and on behalf of those whom the minister has mentioned I should like to express our appreciation to him and to his officials, both on this side and on the other side of the water. What was done was appreciated by the next of kin and all of us who had transportation arranged for us. There were other things done which were also greatly appreciated. Well before the time of departure officials of the Department of Veterans Affairs worked out detailed plans. An official accompanied the party over, and then on the other side arrangements were made which added greatly to the pleasure of everybody concerned.

I am sure the committee will be interested in knowing that those who were there as holders of the cross appreciated the fact that these arrangements had been made for the next of kin and relatives of those who had died. Everything was well arranged and the occasion was one of great importance and great significance. I should also say that the co-ordination between the Department of Veterans Affairs and the district administrator and his staff on the other side and the staff of the Department of National Defence on the other side was excellent. A bus was available at the hotel on every occasion, and either a representative of veterans affairs or a good staunch corporal of provost went through the hotel to make sure everyone got on the bus and got back safely on the return trip.

Last Sunday going down to Brookwood cemetery in the Bramshot area in the heavy rain such service was most noticeable and valuable. I should like to congratulate the minister and the department for the way their plans were carried out.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Green: Could we have the business for Monday?

Mr. Howe (Port Arthur): On Monday we will have a supply motion.

It being three minutes after six o'clock the house adjourned, without question put, pursuant to standing order.

Questions

ANSWER TO QUESTION

The following answer, deposited with the Clerk of the house, is printed in the official report of debates pursuant to standing order 39:

WARTIME HOUSING, MEDICINE HAT, ALTA.

Question No. 526—**Mr. Wylie:**

1. What was the total cost of construction of the 100 wartime houses known as project 3/48, Medicine Hat, Alberta?
2. What was the average cost per unit (a) type A & B; (b) type C?
3. What was the total amount of expenditure on the upkeep of this project for painting, repairs, etc., to March 31, 1956?
4. What is the total amount of rent collected from this project up to March 31, 1956?
5. What is the total amount of taxes paid the city of Medicine Hat to December 31, 1955?

Answer by: **Mr. Bourget, Parliamentary Assistant, for the Minister of Public Works:**

1. $668,614.08.

2. Types A and B, $6,305.11; type C, $6,849.44.

3. Expenditure for painting, repairs, etc., $17,995.00; expenditure to cover instalment payments for retirement of moneys borrowed to finance construction of the project, $175,-702.06; administration expenses, $22,350.00.

4. The gross potential revenue from this project from completion of construction to March 31, 1956 is $298,404.34.

5. Grants in lieu of taxes were paid to the city of Medicine Hat in respect of project 3/48 to December 31, 1955, in a total amount of $48,102.03.

[The following items were passed in committee of supply]:

DEPARTMENT OF MINES AND TECHNICAL SURVEYS

Canadian hydrographic service—

216. Administration, operation and maintenance, including Canada's annual contribution of $4,200 to the international hydrographic bureau, $3,017,362.

Map compilation and reproduction—

220. Administration, operation and maintenance, $923,986.

221. Construction or acquisition of equipment, $38,400.

Geological surveys—

222. Administration, operation and maintenance, including the expenses of the national advisory committee on research in the geological sciences, an amount of $1,875 for Canada's share of the cost of the committee on mineral resources and geology, London, England, and an amount of $40,000 for grants in aid of geological research in Canadian universities, $2,314,954.

223. Construction or acquisition of equipment, $169,000.

Mines branch—

224. Mines branch administration, $95,968.

Mineral resources investigations (including the former investigations of radioactive ores)—

225. Administration, operation and maintenance, including a grant of $12,500 to the Canadian institute of mining and metallurgy to assist in defraying the cost of the sixth empire mining and metallurgical congress to be held in Canada in 1957, $2,833,302.

226. Construction or acquisition of equipment, $226,085.

227. To provide for payments to McGill University in connection with the development of a coal-fired gas turbine, $50,000.

Geographical branch—

228. Geographical branch—administration, operation and maintenance, including a grant of $250 to the Canadian association of geographers, $283,386.

Dominion observatories—

Dominion observatory, Ottawa and field stations—

229. Administration, operation and maintenance, including membership fee of $500 to the international astronomical union and a grant of $3,500 to the royal astronomical society of Canada, $542,915.

230. Construction or acquisition of buildings, works, land and equipment, $122,738.

231. Dominion astrophysical observatory, Victoria, B.C., $148,597.

General—

232. To provide for purchases of air photography and the expenses of the interdepartmental committee on air surveys, including purchases of equipment, $1,500,000.

Dominion coal board—

233. Administration and investigations of the dominion coal board, $116,660.

234. Payments in connection with the movements of coal under conditions prescribed by the governor in council, $9,210,250.

Mines branch—

650. Mines branch administration—further amount required, $5,000.

651. To provide for payments to McGill University in connection with the development of a coal-fired gas turbine—further amount required, $50,000.

Dominion observatories—

Dominion observatory, Ottawa and field stations—

652. Construction or acquisition of buildings, works, land and equipment—further amount required, $20,000.

HOUSE OF COMMONS

Monday, July 9, 1956

The house met at 2.30 p.m.

HOUSE OF COMMONS

STATEMENT BY PRIME MINISTER ON RESIGNATION OF MR. SPEAKER

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, since I returned from London on Saturday morning I have given careful consideration, with my colleagues, to the situation which arose in the house on Friday, June 29 and on Monday, July 2.

I have also, as I am sure every hon. member would have expected me to do, seen Mr. Speaker and discussed the situation with him.

I think all of us can understand the desire of the Speaker to be able to answer fully and freely the criticisms levelled against him as a result of the position in which he had been placed by members of two of the opposition parties who supported the motion which was moved on June 4, and which asked this house to say that it no longer had any confidence in its presiding officer.

It is not hard to understand the reactions of any man, regardless of the office he may occupy, who feels he has been unfairly charged and has not, himself, been able to reply to those charges.

I am sure most hon. members will sympathize with the desire of the Speaker to place himself, as soon as possible, on a basis of equality with other hon. members so he will have freedom to explain the conduct, which was vindicated by the very large majority which rejected the motion I have just referred to.

And that, I understand, is the position Mr. Speaker wished to achieve when he stated on Monday of last week that he was placing his resignation before the house to take effect at the pleasure of the house.

Of course, all hon. members are aware that such a statement or declaration of intention does not constitute the formal action required as the actual resignation of a Speaker.

Because of my absence in London, Mr. Speaker refrained from taking any such formal action so that I might have the opportunity to consider the situation, and for that I wish to thank him.

As Prime Minister I have the ultimate responsibility for the leadership of the house, and I do not intend to shirk that responsibility in any way.

I have had to ask myself whether the matter referred to by the Leader of the Opposition (Mr. Drew) and others on Friday, June 29, really has sufficient gravity to justify the resignation of a Speaker who recently received an overwhelming vote of confidence from the house.

I have no hesitation in saying I do not think so.

I share, and I am sure most hon. members share, the regret of the Speaker that any part of his personal letter was published. I cannot, however, share the view that because the Speaker had expressed in private the views he did express in that letter, he could no longer continue to be an impartial and competent Speaker. It does not seem to me that the publication by someone else of an extract from a private letter would justify me, or the majority in this house, in taking any formal action in consequence of what has taken place.

During the debate on the motion relating to his conduct and subsequently Mr. Speaker has discharged his duties in this house with dignity and impartiality.

My confidence in Mr. Speaker is unshaken, and I know of no other member better qualified than he is to preside over our deliberations; I believe that confidence is shared by an overwhelming majority of members, a majority by no means confined to the supporters of the government.

Now, as the one responsible for the leadership in this house, I have expressed that view to Mr. Speaker and I have found that he was willing to subordinate his personal feelings to his duty to parliament and the country, and to continue in the office in which he has served with great distinction. I am happy to be able to make that announcement to the house.

An hon. Member: The Liberals are yellow.

Mr. Speaker: Are there any other motions?

[*Later:*]

ALLEGED FALSIFICATION OF FACTS BY MEMBERS

On the orders of the day:

Mr. Colin Cameron (Nanaimo): I should like to direct a question to the Prime Minister. In view of the fact that a number of members of this house have been accused of falsifying facts for their own political ends, will the Prime Minister ascertain who those members are and in what respect they have falsified the facts?

Right Hon. L. S. St. Laurent (Prime Minister): I do not think that would be a very profitable undertaking for me, Mr. Speaker, and I would hope that no hon. member would knowingly falsify the facts.

[*Later:*]

INQUIRY AS TO EARLY DISSOLUTION OF PARLIAMENT

On the orders of the day:

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, we seem to be getting information on different points that came up during the Prime Minister's absence. May I ask him one question? Has he given any consideration to the question which was raised several times during his absence as to an early dissolution of this house?

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, the question of dissolution of the house is one that, whenever it is appropriate to do so, I shall have to discuss with His Excellency the Governor General before I make any public announcement about it.

COMMONWEALTH CONFERENCE

THE PRIME MINISTER—STATEMENT ON MEETING IN LONDON

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I should like to table the statement issued in London on Friday on the meeting of prime ministers at the commonwealth conference. For the convenience of hon. members, I would suggest that, by leave of the house, it be printed as an appendix to the *Hansard* of today.

Mr. Speaker: Has the Prime Minister leave to have this document printed as an appendix to *Hansard* of today?

Some hon. Members: Agreed.

Some hon. Members: No.

Some hon. Members: Yes.

Mr. Speaker: Agreed.

(For text of document referred to above see appendix, pages 5811-12.)

[Mr. Speaker.]

Mr. St. Laurent (Quebec East): Mr. Speaker, I should like to make a short statement now on the matters discussed at the conference, which can be taken into account by hon. members who wish to discuss this subject upon the estimates of the Department of External Affairs which it is planned to discuss soon.

The statement of the conference—which, as always, represented a lot of work in achieving points of substance and forms of expression to which all could agree—indicates that the main subjects of discussion were in the field of international affairs. Problems of the commonwealth, as such, did not require very much attention. It is functioning as we expect it to function and adapting itself to changing conditions. It is primarily an association of nations having a common heritage of British parliamentary institutions, and many elements of common purpose in their approach to the problems of the day, despite the great differences in the geography, history and cultures of the various constituent nations.

The purpose for which we meet is the important and constructive one of exchanging information and opinions, in the hope that thereby the governments and parliaments of member countries can and will make wiser decisions. The conference does not seek to take any collective decisions or actions itself, but hopes to assist in bringing points of view closer together.

The commonwealth of today has not been the product of any political theory. It has developed from the practical response of sensible men to the desire for a continuing and close political relationship which adds to rather than detracts from the independence of its members. For most member countries, a common allegiance to the same crown is a link between us which we hold very dear. For the other, republican members, the Queen is none the less the head of the commonwealth. In discussion around the table, there is no distinction between members, and all prime ministers joined in frankly and fully setting their views in confidence before their colleagues, and in questioning one another.

I should like to lay special emphasis upon the value I find in having the prime ministers of the Asian members of the commonwealth at our conference table. The histories and cultures, the peoples and problems of these nations, are so different from our own that it is of great value in dealing with major international affairs to have the benefit of discussions with their leaders.

The development of Asian nationalism is one of the great historic movements of our time. Indeed, in some ways it is more comprehensive and significant than the rise of

militant communism. The wise counsel of the outstanding commonwealth Asian leaders of this great movement is something I find most helpful in trying to understand the perplexities of this complicated world in which we must now accept our share of responsibilities.

The London communiqué indicates the main subjects we discussed. They include our relations with Soviet Russia, the problem of security and stability in Europe, the current situation in the Middle East, the developments in southeast Asia, our relations with China, the economic position of the countries in the sterling area and the development of nuclear energy for peaceful purposes. In addition, there were many private talks on a variety of subjects, and those members of the commonwealth who are linked by special defence agreements, such as NATO, met to consider certain aspects of defence policy.

I cannot, of course, give a detailed account of the discussions which were held in confidence and on which we issued this agreed statement. I should like to take a minute or two, however, to say a little from my own point of view about several of the matters we discussed.

First, on relations with Soviet Russia, the communiqué makes clear that we all felt that the changes that have been taking place in the Soviet government, and its attitudes and policies, may have more than merely a feigned or superficial significance. Events will tell. This situation offers opportunities for improvement in our relations with Russia and perhaps opportunities for the settlement of outstanding difficulties between Russia and the western nations. All commonwealth governments plan to seek and use such opportunities and will welcome any improvement in relations with Russia which they may make possible. But the changes that have taken place are not such that we can have confidence that the danger of war has been removed. In view of this and of the tremendous Russian military power, and the evidence we have had in the past of the possibility of aggressive intentions, I believe we must continue to maintain an effective modern armed strength, primarily of course as a deterrent against attack. Such preparedness, however, need not prejudice an improvement in our relations and the development of a greater degree of mutual confidence which would be a more secure foundation for a lasting peace.

In the discussions on China we exchanged views, of course, on the recognition of the government on the mainland. While the views of most of us are already fairly well known, I found the discussions both informative and helpful. I recognize the force of the arguments about the importance to Asia of having its largest country fully participating in the councils of the world. To that view, of course, we must give great weight and we shall. But there are other considerations as well which must weigh in determining Canada's policy and course of action. I see no reason strong enough to justify changing our policy on this matter at this time.

Our discussions in regard to the Middle East naturally centred on the danger of conflict between the Arab states and Israel. On the whole I was somewhat reassured by what I heard. We all recognize that the situation there is dangerous, but the danger has become a little less acute as a result of Mr. Hammarskjold's mediation. I feel that every effort should be made now through the security council of the United Nations to secure the collaboration of the Soviet union in helping to find a peaceful settlement of this Palestine issue. I think they realize the danger there would be to them as well as to the rest of the world from war breaking out in that area.

Our discussions of economic affairs were in the nature of interim reports and analyses of the situation in the sterling area members of the commonwealth. They were naturally of very considerable interest to us, for the situation of all these countries, particularly of Britain, affects our trade. I gave a brief résumé of some aspects of our situation likely to be of interest to others. The United Kingdom government is persevering in its efforts to find solutions to its own economic problems that would permit an increasing freedom of trade between us and the continued elimination of discrimination against imports from the dollar area. We recognized and valued the progress made already in this direction and naturally we expressed the wish to see this progress continue. We were assured that the United Kingdom intended to persevere with this policy and I think the events and public statements in the United Kingdom in recent weeks make this determination quite evident. I am convinced that our policy should continue to be to seek the removal of the remaining restrictions on the imports of Canadian goods into the United Kingdom and elsewhere in the sterling area and to encourage the development of sound competitive export trade from the United Kingdom to Canada.

This trade remains under the detailed scrutiny of our continuing joint committee of senior officers which was established for that purpose and which met in London earlier in June.

Commonwealth Conference

There was no discussion at this conference about the time or place of our next meeting. I have been asked whether a meeting of commonwealth prime ministers might be held in Canada and to this I would reply that we should be glad and honoured to have a future meeting here but the time and place of any particular meeting must be determined primarily by the convenience of the busy men who are required to attend. London has proved to be a convenient site but this does not mean that the conference should not be held in other commonwealth capitals when that is the general desire.

I should like to take advantage of this opportunity to express again the gratitude of all the Canadians attending this conference for the hospitality and friendliness with which we were received by Her Majesty the Queen and by all those in the United Kingdom who joined in making the conference a success.

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, I wish to direct a question to the Prime Minister in connection with this. Can the Prime Minister inform the house if in fact there was an invitation extended by Canada to the other prime ministers to attend a conference here in Ottawa along the line suggested before the Prime Minister's departure?

Mr. St. Laurent (Quebec East): No. After our conversations there it was not felt that this would be an appropriate time for having an economic conference in Canada with the other members of the commonwealth countries.

[*Later:*]

REQUEST FOR FURTHER INFORMATION ON SUBJECTS DISCUSSED AT LONDON

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): I should like to ask one or two questions arising out of the rather abbreviated statement the Prime Minister gave. Would he say whether or not consideration was given by the prime ministers of the commonwealth to the need for the revision of the Statute of Westminster, having regard to the changes that have taken place since that statute was enacted in 1931?

Second, would he say something regarding the degree to which the fears of the people of the commonwealth have been aroused over the fact that Ceylon, in establishing itself as a republic, may deny the use of her airport facilities to the commonwealth and United States air forces?

Third, would the Prime Minister say what the reaction was, if not of the commonwealth prime ministers, of himself, to the matter of the Middle East arising out of the request from the Israeli government for export permits for the shipment of some 24 Sabre aircraft, and when it is expected a decision will be made by the government.

Finally, would he say something regarding—

An hon. Member: The shorter catechism.

Mr. Diefenbaker: As a matter of fact, my hon. friends may laugh, but the abbreviated nature of the report makes it necessary to ask these questions. The final thing is respecting the prospective settlement or terms of settlement being considered by Britain and Cyprus at the present time, and what are the possibilities if those terms are accepted of Turkey withdrawing from NATO? Those are a few of the matters that have received press attention recently and which the Prime Minister, in his report, did not have an opportunity of dealing with.

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, the question of possible amendment to the Statute of Westminster was not discussed. Second, the fears of the people of the commonwealth with respect to the denial of the use of Ceylon bases to the United Kingdom and to the United States was not discussed at the general conference, and I was not in attendance when they were discussed between the Prime Minister of the United Kingdom and the Prime Minister of Ceylon; but we were informed that there was a genuine, sincere attempt to work out something which would allay such fears as may have been expressed previously about the situation there.

I will say I found that the new Prime Minister of Ceylon was desirous of maintaining good relations with the other members of the commonwealth and was anxious to consider their views in respect of all the problems in which the attitude of Ceylon might be of consequence. I was very pleased to have had the opportunity of meeting the new Prime Minister of Ceylon and in finding that he seemed to be sincerely desirous of maintaining the status of Ceylon in the commonwealth and of co-operating with the other members of the commonwealth.

Mr. Diefenbaker: And accepting responsibilities within the commonwealth?

Mr. St. Laurent (Quebec East): Well, I would not care to go beyond that. Our impression was that, to the extent to which it went, he and Sir Anthony Eden had had a very satisfactory conference about that troublesome question.

With respect to the supplying of arms to either of the parties to the dispute between the Arab nations and Israel, there were very frank views expressed by several of those attending the conference, and I must say that I was not able to get anything from the conference that would assist the government of Canada in making a favourable decision on the request for the supply of those Sabre jet aircraft to the government of Israel. It is a matter that is still under consideration. The situation there, as the hon. gentleman knows, is one that has to be regarded as very delicate, and there was nothing that I brought back from the conference that would be an argument for me to put before my colleagues in support of a favourable decision on the request for jet aircraft at this time.

With respect to the terms of the settlement about Cyprus, I do not think I should go beyond the terms that are set out in the communiqué. I think the United Kingdom is making every possible effort to find a solution that will be a real solution of a very thorny problem that arises in respect of Cyprus. I would not care to say anything that might make it more delicate or difficult for them to handle the situation, but we were convinced I think that they were doing everything that seemed to be possible in the circumstances to reach a settlement that would be a real settlement.

INQUIRY AS TO LATER DISCUSSION OF TRADE AND ECONOMIC QUESTIONS

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, may I ask the Prime Minister a question in relation to a statement he made earlier this afternoon concerning the proposed calling of a commonwealth conference on trade and economic questions. Did he mean that the subject was not introduced at the conference by the Canadian delegation or that it was introduced and as a result of discussion it was not proposed by the Canadian delegation that the conference should be held later?

Right Hon. L. S. St. Laurent (Prime Minister): No, it was not introduced by the Canadian delegation at the conference. Our conversations with other members of the delegations attending the conference were such that we did not think it was the appropriate time to introduce the subject at the conference.

Mr. Fleming: May I take it from the Prime Minister's answer that this subject was discussed in conversations with other prime ministers attending the conference?

Mr. St. Laurent (Quebec East): There were discussions about the situation, and I know that there are some prime ministers who wished to have alterations made in their bilateral agreements with the United Kingdom, and were intending to discuss with the United Kingdom authorities the kind of alterations that were made many years ago in our bilateral arrangements with the United Kingdom.

MOTIONS FOR PAPERS

SOUTH SASKATCHEWAN RIVER DAM

Motion No. 89—**Mr. Argue:**

For a copy of all correspondence exchanged between the government of Canada and the government of Saskatchewan, since January 1, 1956, regarding construction of the South Saskatchewan river dam.

Right Hon. L. S. St. Laurent (Prime Minister): The government of Saskatchewan will be communicated with before the papers are produced.

Motion agreed to.

PETITE RIVIERE AU RENARD—FEDERAL EXPENDITURES

Motion No. 90—**Mr. Dufresne:**

For a copy of all payrolls and lists of materials used in connection with work done in (a) 1953; (b) 1955, at Petite Riviere au Renard, county of Gaspe, Quebec.

Motion agreed to.

WHARF AND HARBOUR EXPENDITURES, CHARLEVOIX AND SAGUENAY COUNTIES

Motion No. 91—**Mr. Dufresne:**

For a copy of all payrolls and lists of materials used in connection with the work done on wharves and harbours, since January 1, 1956, in the counties of Charlevoix and Saguenay.

Motion agreed to.

RUSSIA AND CHINA—PROHIBITED AND LICENSED EXPORTS

Motion No. 92—**Mr. Fleming:**

For a copy of (a) the list of strategic materials of which Canada prohibits export to Russia; (b) the list of materials which Canada permits to be exported to Russia only under licence; (c) the list of strategic materials of which Canada prohibits export to China; (d) the list of materials which Canada permits to be exported to China only under licence.

Right Hon. C. D. Howe (Minister of Trade and Commerce): On Friday I undertook to table the public list of items under export control, which I do forthwith. In addition to this list, under our area control all commodities shipped to Soviet bloc countries require export permits. In order to facilitate the movement of non-strategic goods, general export permit No. Ex 2, effective on

July 16, 1956, which I am now tabling, exempts 118 items from the requirement of an individual permit on shipment to Soviet bloc destinations in Europe. This exemption does not apply to shipments to communist China. Hon. members will appreciate that I cannot table secret and confidential information exchanged with certain NATO and other friendly countries covering controls over the shipment of strategic goods to Soviet bloc countries.

Mr. Speaker: Is it the pleasure of the house to adopt this motion subject to the limitations placed by the minister?

Mr. Fleming: So far as the limitations are concerned, Mr. Speaker, I am not quite clear as to what limitations the minister is proposing to put upon the motion, because in the motion which appears on the order paper I simply followed the language of the question I put to the minister on Friday, when in reply he said he would be quite willing to table the lists.

Mr. Howe (Port Arthur): I am tabling all commercial information that has been published, including information that will be published later this week. I find that there is certain secret information which I cannot make public. I was not aware of that when I spoke on Friday; but everything that can be tabled is being tabled. I think my hon. friend will find the information he wishes to have contained in the material that is being tabled.

Mr. Fleming: May I ask one question, Mr. Speaker? Does the withholding of information on the ground of necessary secrecy apply only to the list of goods in relation to shipments to China, or also to Russia? Does it include that list?

Mr. Howe (Port Arthur): The difference between the list for China and the list for Russia is that a great number of items can be shipped to the Soviet union under general permit. That is, a permit can be issued which allows any shipper to ship anything on the list. That provision does not apply to China. That is the only difference between the two situations.

Mr. Speaker: Is it the pleasure of the house to adopt the motion subject to the reservations made by the minister?

Some hon. Members: Agreed.

Motion agreed to.

[Mr. Howe (Port Arthur).]

EXTERNAL AFFAIRS

POLAND—REQUEST FOR INTERVENTION FOLLOWING INCIDENT AT POZNAN

On the orders of the day:

Mr. M. J. Coldwell (Rosetown-Biggar): May I direct a question to the Prime Minister. Has the Prime Minister joined other heads of governments and heads of humanitarian, social and political organizations in making representations to the Polish government with a view to seeking an assurance that the United Nations declaration of human rights will not be violated and harsh treatment will not be given to the accused persons who may be tried in Poland as a result of the recent riots?

Right Hon. L. S. St. Laurent (Prime Minister): I understand that the Department of External Affairs has dealt with that, and the Secretary of State for External Affairs can perhaps answer the question.

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, two questions were asked on this subject last Thursday and Friday, I believe, by the hon. member for Prince Albert (Mr. Diefenbaker).

Mr. Diefenbaker: And on Thursday.

Mr. Pearson: Thursday and Friday of last week.

Mr. Diefenbaker: Yes.

Mr. Pearson: I might make a short statement in reply to those questions and the point raised by my friend the hon. member for Rosetown-Biggar (Mr. Coldwell). I am sure that all hon. members of this house condemn certain methods which the Polish authorities have seen fit to use in suppressing the decent peaceful demonstrations of the people of Poznan, Poland, who have asked only for bread and freedom from their communist rulers. These methods of the police state are deserving of the strongest censure on the part of all nations and peoples who respect human liberty and dignity; all the more so because of the recent talks about "liberalization" and "democratization" in Poland. If the Polish government wish us to believe that there is any reality behind their use of these words, they will apply these principles to the people of Poznan, especially in regard to action taken against those who have been arrested and who are entitled to a justice which excludes, in the words of the hon. member for Prince Albert, "cruel and unnatural punishment".

It is a telling commentary on what communists call a "worker's paradise" that, in the midst of an international fair designed to demonstrate to the world the material progress of Poland since the war, the workers

should be driven by hunger and despair to demonstrate against food shortages and against the oppression of the regime. In spite of the steps being taken against the people of Poznan, and, in fact, because of my deep sympathy and great admiration for them —which is, of course, shared by all members of the house—it would, I am afraid, be useless and perhaps unwise to direct an official request to the Polish government as to how they should handle the situation. Such an official request would be taken by that government simply as unwarranted interference in their internal affairs, and the reaction in Warsaw might be directed against the people of Poznan themselves, whom we would be trying to help.

I am sure that no one in this house, and especially none of the people of Polish descent in Canada who are so rightly aroused by these events in their motherland, would want the Canadian government to take any action which might bring further suffering upon their compatriots in Poland who have shown us that the Polish tradition of courage and the Polish passion for freedom are still strong and vital. I can assure the house that I would have no hesitation in recommending such action if I thought it had any chance of achieving our principal aim, which is the alleviation of the lot of the people concerned.

We can, however, do this. We can make clear our condemnation of any cruel and police-state methods of repression used or contemplated by the Polish communist authorities. We can express our fervent hope that these authorities may learn that the ancient yearning of the people of Poland for freedom and a better material life cannot be indefinitely suppressed by force. Finally—and I assure the house that we will do this—we can see that this statement of our views is brought to the attention of the Polish government.

Mr. J. G. Diefenbaker (Prince Albert): Mr. Speaker, if I might do so, I should like to ask a supplementary question. With Canada being a member of the United Nations and the Polish government having accepted the international declaration of human freedoms, does the minister not consider that Canada, from its place of detachment, could let the Polish government know that the conscience of this country and of the free world resents the kind of thing that is happening there, without such action being interpreted as an invasion of national rights?

Mr. Pearson: Mr. Speaker, I hope that the words that I have just used and which will be made known to the Polish government will have just that effect.

Inquiries of the Ministry

STEEL

INQUIRY AS TO EFFECT OF UNITED STATES STRIKE ON CANADIAN PRODUCTION

On the orders of the day:

Mr. Solon E. Low (Peace River): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce. I apologize for not having sent him notice of it. In view of the effects which the United States steel strike has already had in Canada, has the minister taken the necessary precautions to ensure supplies for essential production and especially for defence materials and projects?

Right Hon. C. D. Howe (Minister of Defence Production): Mr. Speaker, the government of the United States has taken action in freezing all warehouse stocks of steel, the purpose being to protect defence production, and this government has been notified that those warehouse stocks of steel are available if required for the same purpose for Canadian defence production. Canada, of course, is at this moment more fortunate than the United States in that our own production of steel is proceeding normally and in that our position with respect to defence steel has been taken care of to the extent that the United States has been able to take care of her own production. I can think of no representations that Canada should make at this time.

POWER

BRITISH COLUMBIA—REQUEST FOR STATEMENT ON MEETING WITH PREMIER

On the orders of the day:

Mr. J. A. Byrne (Kootenay East): I should like to direct a question to the Minister of Northern Affairs and National Resources who has, over the week end I believe, returned from discussions with the premier of British Columbia with respect to the Columbia river development. Can the minister make a statement on the progress and results of his discussions?

Hon. Jean Lesage (Minister of Northern Affairs and National Resources): Mr. Speaker, my interview with the premier of British Columbia was very cordial. We had a full and frank exchange of views on various matters, especially on the problems relating to waters crossing the boundary which will be the subject of discussions between the government of the United States and the government of Canada. Following my meeting with the premier we issued a joint statement which would be somewhat too long to read at this time but of which I can send a copy to my hon. friend. Both Premier Bennett and I agreed that in the interests

of British Columbia and Canada on the eve of our discussions with the United States it would not be appropriate to add anything to or to substract anything from our joint statement.

[*Later:*]

On the orders of the day:

Mr. F. G. J. Hahn (New Westminster): I should like to direct a question to the Minister of Northern Affairs and National Resources supplementary to the one asked by the hon. member for Kootenay East. Would the minister consider tabling the statement that he referred to, a copy of which he is sending to the member for Kootenay East, because many of us on this side of the house are also interested in that statement?

Mr. Lesage: If it is the pleasure of the house, sir, I will do so.

HOUSING

INQUIRY AS TO REDEVELOPMENT IN MONTREAL

On the orders of the day:

Mr. W. M. Hamilton (Notre Dame de Grace): I have a question I should like to direct to the Minister of Public Works. In view of the statement of the prime minister of Quebec on Friday last and the telephone conversation between the Minister of Public Works and the prime minister of Quebec recently, is the minister now prepared to finalize, for the purpose of the slum clearance and housing program in Montreal, the final agreement with the body authorized several months ago to represent the province officially?

Hon. Robert H. Winters (Minister of Public Works): As the hon. member knows, I communicated with the premier of Quebec and told him that under two sections of the National Housing Act we need the approval of the government of Quebec. Under section 23, which is the slum clearance section, it is necessary to have the approval of the provincial government concerned; and under section 36, which is the applicable section for the subsequent housing development, it is necessary for the provincial government to enter into an agreement with the federal government. I asked the premier of Quebec if the government of Quebec is prepared to act accordingly and I have not yet received his answer.

Mr. Hamilton (Notre Dame de Grace): As a supplementary question, may I ask whether the minister did not discuss that matter in a telephone conversation with the prime minister of Quebec about two weeks ago—

An hon. Member: The premier of Quebec.

[Mr. Lesage.]

Mr. Hamilton (Notre Dame de Grace): I believe Quebec enjoys the proud privilege solely among the provinces of Canada of having a prime minister. As a supplementary question, may I ask whether the minister did not have a telephone conversation with the leader of the Quebec government about two weeks ago when this gentleman was in Hull?

Mr. Winters: Yes, Mr. Speaker. The premier ministre of Quebec telephoned me on that occasion when he was in the city of Hull. I told him then what was in my letter of May 31, which he had not seen at that time because he had been engaged in other activities.

[*Later:*]

On the orders of the day:

Mr. Winters: Mr. Speaker, since replying to the question asked by the hon. member for Notre Dame de Grace I have had the following telegram handed to me:

> Concerning the Dozois plan in Montreal and pursuant to your letters of May 31 and June 22 and also to our telephone conversation while in Ottawa on my way to attend a public meeting in Hull on June 15. The unavoidable delay in answering your two letters mentioned above is due to very very exacting demands upon my time. Furthermore the Quebec government would like to have additional and necessary information in regard to the attitude of the Montreal municipal authorities which information should be supplied by the end of next week at the latest.
>
> Maurice Duplessis.

NATIONAL DEFENCE

REQUEST FOR SETTING UP OF STANDING COMMITTEE

On the orders of the day:

Hon. George A. Drew (Leader of the Opposition): Prior to the Prime Minister's departure for London, he stated that during the time that he was there he would give consideration to the possibility of setting up a standing committee on defence expenditures. I should like to ask the Prime Minister if, in view of the discussions that he has had or as a result of such inquiries as he has made, he is now prepared to announce the establishment of such a standing committee which could perform a very useful service in an examination of defence expenditures prior to the present examination by this house?

Right Hon. L. S. St. Laurent (Prime Minister): I am sure neither the Leader of the Opposition nor I would wish to change the record as to what was exactly the form of that suggestion before I left for London. I did have inquiries made in London, and I brought back copies of reports of some of the meetings of the subcommittee on defence

expenditures. I did not have time to give them careful consideration because they are voluminous records. I brought them back with the intention of having them carefully considered, but I cannot announce at this time the establishment of a committee.

Mr. Drew: I wish to ask a supplementary question. In view of the fact that during the absence of the Prime Minister there have been further statements by senior defence officers in regard to the need for the effective reorganization of the department and an examination of the general plan of expenditure, will the Prime Minister give immediate consideration to the possibility of setting up a committee, which could still act during the current session of this house?

Mr. St. Laurent (Quebec East): I have not seen the statements which, I understand, were made while I was away by senior officers of the department. I will be glad to secure them and give them careful consideration.

LABOUR CONDITIONS

VETERANS HOSPITALS—REQUEST FOR FIVE-DAY 40-HOUR WEEK

On the orders of the day:

Mr. H. O. White (Middlesex East): As the Minister of Veterans Affairs did not make any announcement on Friday last when he introduced his estimates regarding the introduction of the five-day 40-hour week for employees of veterans hospitals, would the minister now indicate the government's intention of inaugurating such a policy with respect to Westminster hospital, London, and other veterans hospitals? Second, were assurances given last October that a decision would be made on this matter without too great delay?

Hon. Hugues Lapointe (Minister of Veterans Affairs): My hon. friend did not give me notice of this question, and I am not aware of any recent changes regarding the introduction of the 40-hour week in all veterans institutions. I know that we have introduced the 40-hour week in those localities where that was the practice in other civilian hospitals. I shall be glad to look into the situation with regard to Westminster hospital. I cannot, however, recall making any commitment whatever to anybody last fall.

Hon. George A. Drew (Leader of the Opposition): I wish to direct a question which is not directly related to that which has been asked, but which does relate to the responsibilities of the Minister of Veterans Affairs. Has the minister received representations from the Department of Veterans Affairs employees national association asking that all D.V.A. hospital employees be placed on a five-day 40-hour week in place of their present five and one-half day 44-hour working week, in line with the policy already adopted in such D.V.A. hospitals as those in Victoria, Vancouver, Calgary and Halifax?

Mr. Lapointe: I did, in fact, some time ago have the benefit of representations from that association. They are constantly in communication with the officers of the department and I am aware of their views. We have received such representation but the matter has not yet been given consideration by the cabinet.

Mr. Drew: I should like to ask a supplementary question. Is it a fact that the salaries of D.V.A. hospital employees at present are the same, regardless of whether a longer or shorter working week is in force?

Mr. Lapointe: That is what has been alleged in a letter sent by the association. I am having that looked into. I would not like to say yet that it is the case, because I am not convinced it is. I am having the officials of the department look into it, and I shall be glad to give the information to the house when I receive it.

(Translation):

Mr. J. Wilfrid Dufresne (Quebec West): Mr. Speaker, to follow up the questions previously put by the Leader of the Opposition (Mr. Drew) to the Minister of Veterans Affairs (Mr. Lapointe), could the latter tell us whether it is his intention to recommend before his departmental estimates are passed, that all the employees of military hospitals coming under him be treated in exactly the same fashion as every other civil servant, in other words that they may be allowed a work week of five days or 40 hours?

Mr. Lapointe: Mr. Speaker, I must say that the employees of those hospitals which come under the Department of Veterans Affairs are treated in exactly the same way as other civil servants. The policy of the government in this regard extends to hospital employees as well as to every other civil servant. My hon. friend knows that this policy consists in extending the 40-hour week to every civil servant in areas where it already is in force in most industrial or commercial concerns. Now then, I do not think that the 40-hour week has been implemented in any of the hospitals of the province of Quebec.

Mr. Dufresne: Mr. Speaker, I should like to ask another question of the minister. Is it his intention to recommend that all employees of the military hospitals in the province of

Quebec be treated in exactly the same way as the employees of the hospitals in the other provinces of Canada?

Mr. Lapointe: Mr. Speaker, if my hon. friend reads the answer I have given to his first question, I believe he will find in it the answer to his second question.

(Text):

REQUEST FOR EXTENSION OF FIVE-DAY 40-HOUR WEEK TO ALL GOVERNMENT EMPLOYEES

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to direct a question to the Minister of Finance, but actually it is supplementary to the questions just asked of the Minister of Veterans Affairs. Is it the intention of the government at an early date to extend the five-day 40-hour week to all its operating staffs?

Hon. W. E. Harris (Minister of Finance): Whatever the intention of the government may be will be announced in due course.

Mr. Knowles: May I ask the minister if such an extension is under consideration?

Mr. Harris: That is the sort of thing that is confided in secrecy to the cabinet from time to time.

FLOODS

SASKATCHEWAN—INQUIRY AS TO FURTHER PAYMENTS

On the orders of the day:

Mr. E. G. McCullough (Moose Mountain): Mr. Speaker, I should like to direct a question to the Prime Minister. Can the Prime Minister state what has been the total amount paid to Saskatchewan in connection with the 1955 flood damage and whether or not any further substantial amounts will be paid?

Right Hon. L. S. St. Laurent (Prime Minister): I cannot give at this moment the precise figures. I received the hon. gentleman's question just a few moments before I came into the house at 2.30. I understand that reimbursement has been made to the government of Saskatchewan with respect to at least one of the claims, but no very large amount, and that most of them are still unsettled. There is an item of $120,000 included in the supplementary estimates for the settlement of claims in Manitoba and Saskatchewan. I will endeavour to ascertain just exactly what the situation is at the present time and give the information to the house and the hon. member just as soon as I can obtain it.

[Mr. Dufresne.]

SUPPLY

Hon. W. E. Harris (Minister of Finance) moved that the house go into committee of supply.

MOTION FOR ADOPTION OF NATURAL RESOURCE DEVELOPMENT POLICY

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, we have been reminded today in some of the statements that have been made that we are living through a period of dramatic change which affects us and every other nation. It is my intention in the remarks that I shall make to discuss Canada and our own future in the changing scene.

The whole of Europe has marched ahead since the end of the last world war in a way that no one would have dreamed possible during the grim days of war itself. Not only have nations which were crushed under the impact of war found a new vitality and a new strength but nations which had not previously existed have taken form. New nations have emerged in Asia, Africa and elsewhere which will have a profound effect upon the course of our own life in the years ahead. Nowhere have those changes been more remarkable than within the commonwealth. Today we have had a brief report from the Prime Minister (Mr. St. Laurent) about the conference which has recently taken place in London. Following that conference a statement was issued which placed a very optimistic interpretation upon the meeting itself. I think it will be the hope of all of us that the optimistic expectations will be fulfilled. I must confess that we have little information before us now as to what the details are which justify those expectations. We regret very deeply that the government of Canada did not extend an invitation for a trade and economic conference here in Ottawa to be attended by the prime ministers of all the governments of the commonwealth. After all, the beginning of any meeting of that kind rests upon a positive invitation.

We have been stressing for years our belief that it is in the interests of Canada as well as the other parts of the commonwealth that every possible step be taken to vitalize the exchange of goods and to bring into as close harmony as possible those nations which are associated in this amazing fellowship. I would hope that the day is not too far distant when it will be possible for such an invitation to be extended in a manner that will leave no uncertainty that we in Canada desire the very fullest possible co-operation in every way with the United Kingdom and other nations of the commonwealth.

As we look forward into the distant years ahead not one of us can see what may happen in that future period. Let us hope and pray that in the uncharted course that lies beyond the immediate future the commonwealth may emerge as the great central core of international understanding and that the unique fellowship which found expression in London in recent days may give confidence to others for international harmony and good will and find living expression without weakening national sovereignty in any way.

Behind every consideration of the future must be a recognition of the reality of the Soviet empire. By steps which need not now be recounted in detail Russia has established a terrible sovereignty over the colonial system which by one of the strangest ironies of history has emerged at the very time that, by the voluntary acts of other great powers, colonial systems elsewhere have been disappearing. Only recently we have seen something of what that authority means in the steps that have been taken in Poland to suppress the expression in that country of the desire for freedom. The reality of Russian domination of nearly one-third of the world's people and the reality of the attempts of Russia to affect our life in so many ways, both in our internal activities as well as otherwise, impresses upon us the need for examining our position and considering how best we can strengthen ourselves not only for the immediate present but for the long years which lie ahead.

What will historians one hundred years hence record of the events which will occur during the lives of ourselves, our children and our children's children? Will it be told that freedom was engulfed in an ever-widening flood of communist oppression, or will the story be a bright narrative of spreading freedom which saw its beginning in such events as those which occurred in the last few days in Poznan or other similar events which have happened elsewhere in East Germany and other places behind the iron curtain? Of one thing we can be sure. The course will be determined in large measure by the degree to which freedom itself is cherished and protected in the countries which are still free and in the degree of unity which is maintained among the nations sharing freedom at this time.

As we read the history of the events which preceded the beginning of the dark ages—and they are set forth with dramatic colour and vigour in the recent history published by Sir Winston Churchill—we are reminded that the advanced civilization of the early Christian era almost disappeared because of complacency and uncertainty about the value of united effort to stem the tide of aggression which on every frontier threatened the survival of a civilization which in arts and letters even if not in technical development had equalled or even surpassed our own civilization of today. Our own part in maintaining this priceless freedom will be measured not only in our material advancement and our contribution to the joint defence of freedom but also by the extent to which we speak as a free and sovereign nation capable in every way of making our own special contribution to the common cause and making that contribution as a result of decisions that are entirely our own.

If one lesson comes to us more clearly than any other from the long history of the past it is that our best contribution in the international field as well as in the field of domestic development will be to speak as Canadians on behalf of Canadians with visions of a strong and growing Canada always before us in our thoughts. We Canadians have hardly yet grasped the full significance of what has been happening since the end of the second world war. We have seen things happening around us which had their beginning in that war itself. Because of the unparalleled use of resources during the war and the need to repair the awful destruction of those terrible years, demands on new resources of raw material and resources generally have become far greater than ever before. On top of this have come remarkable scientific and technical discoveries in so many fields which were stimulated by the demands of war itself.

It is in such a situation and under such conditions that we find ourselves in possession of enormous resources of so many kinds. We have all the resources in this country to support a large, prosperous and happy population. We have the agricultural land; we have the forests; we have the fuel; we have the raw materials for buildings; we have all the things that are needed for a really great development here within our own boundaries. With all this we have practically every mineral needed in this mineral age. The only important metal for which we have not the raw material in Canada is aluminum; yet in that case because of our huge hydro-electric resources we are importing bauxite from Jamaica and British Guiana on a scale which ranks us as the world's second producer of this immensely valuable metal, and there is reason to believe that we will soon be the first. It is a fabulous picture of opportunity which opens out before the people of Canada today.

I am not going to go into all the statistics to support the statement that at this time

Canadians have a greater opportunity for the future than any other people in the world. The facts are there; there is the reality. What a story of rewarding adventure it has already been. Just let us think, as we look into the future, of the new discoveries which within so small a number of years have changed the whole picture here in Canada and in some measure changed the picture throughout the world.

It is only about 25 years ago that Gilbert LaBine in that romantic flight of his in the sub-Arctic saw the first signs of uranium and by the discovery which came later started a new phase in Canada's mineral possibilities when the reality of those uranium deposits became known. Before that the existence of this mineral had been unknown in Canada. Now it seems that we shall soon be the world's largest producer with the discoveries which have recently been made.

The same story is being repeated in so many fields of development. Ten years ago we were relatively small producers of iron and the fabulous deposits in eastern Quebec and Labrador had still to be proved. Our oil production was still small; and up until a few years ago natural gas was being used only by those fortunate enough to live near the actual sources of supply. Just in those few passing years, from the Atlantic to the Pacific vast new deposits of iron ore have been discovered, oil production is mounting by leaps and bounds and spreading over a wider area all the time, and huge reserves of natural gas have been added to our fuel supplies. It is a truly fantastic picture.

Not only have we almost every mineral in the calendar from antimony to zinc, we have them in large commercial quantities, we have them in amounts that make it possible for us to contemplate the industrial use of every one of them. The question we must ask ourselves is, what is this going to mean to Canadians in the years ahead? We have everything to make this a great and populous industrial nation. We have the resources, we have the industrial power, we have the fuel-producing capacity and the basic requirements for housing, clothing and heat for a very large population. We can grow vast quantities of food. We grow enough wheat for 100 million people. We can expand our food production to support a very large population by intensive agricultural methods throughout the whole country.

What lies before us is much more than the opportunity for growth which is taking place in other parts of the world today. If only we perceive the full possibilities now opening up before us we will find, not that we are at the beginning of a period of steady advance but that we are just now at the threshold of one of those historic upsurges in the life of a nation which have carried one country after another to positions of commanding importance throughout the centuries.

But this is not going to happen just for the reason alone that we happen to have natural resources. That is a fallacy which it would be well for us to keep in perspective. The way that these resources will be used will depend upon positive decisions. We cannot emphasize to ourselves too often the fact that resources alone do not bring power and lasting prosperity. There are far too many stories in the pages of history which tell us of the temporary wealth, sometimes great wealth, of nations which lived on their resources without any thought for the future and then sank into relative unimportance after those resources had been exhausted.

On the other hand, many nations have become strong and prosperous with practically no raw materials in their possession. They overcame their difficulties by industry, technical skill and a great national spirit. Of all the nations which offer an example of what can be done, the United Kingdom stands supreme. With relatively few natural resources as we know them, they became the great trading nation of the world in the last century simply by the energy, productive capacity and skill of the people of those famous islands.

Let us look at other examples. One small nation which tells us what can be done even without resources is Switzerland. It has practically no raw materials of any kind except its forests, its soil and its streams, but the application of research and great technical skill combined with industry and a national determination has made it one of the most prosperous countries in the world today.

When that can be done without resources, think of what can be done with the resources we possess if in this country of ours, the third largest in the world, we apply the same principles, the same spirit and the same policies to the tasks which lie before us.

We have much reason for satisfaction here in Canada. We have one of the highest material living standards in the world. But we have no reason for complacency. We are not manufacturing all that we could manufacture from our own raw materials. We are not processing nearly as much of our raw material as should be processed by Canadians here in Canada. The simple and inescapable fact is that, while we can point with a great measure of satisfaction to many areas of concentrated industrial development, we have not been keeping pace with

many other countries in industrial development during recent years, in spite of our tremendous opportunities.

Another thing which has a great bearing on our own future is the fact that the discovery of the full extent of our mineral and other resources has come at a time when the United States has in a very substantial measure exhausted many of their own. Because of our geographical position there is a tendency to seek from Canadian sources raw materials for a huge industrial production in the United States. It is to our immediate advantage to ship much of our raw material to the United States, just as it is to our immediate advantage to buy certain raw materials from them; but it is also to our immediate and urgent advantage that, while the development of these resources is being opened up and these resources are being shipped to the United States, we also take appropriate steps to make sure that here in Canada we are giving employment to Canadians at the highest level of wages by processing just as many of those resources as we possibly can.

The thing that we must remember and that we are inclined to forget is that no raw materials are inexhaustible. The United States thought their raw materials were beyond any level of exhaustion; then suddenly they came face to face a few years ago with the reality of their situation. In the Paley report, which was the report of a very competent commission set up to examine the situation in the United States, they were told to the amazement of many of them, that in the case of a great many of the resources the United States was going to be a have-not country within 25 years.

According to the latest figures of the dominion bureau of statistics, the only mineral in Canada which might seem to be comparatively inexhaustible is iron ore. Even in that case it would not be wise for us to assume that there is not some point of exhaustion, if we discuss these problems in terms of history and not of the immediate present. If we become the main supplier of a tremendously expanded steel industry in the United States throughout the years ahead, and if they should be in a position to determine what the main end product of those resources will be and how those resources will be used, then we might find ourselves in the position that even with our huge reserves they could in time, with their enormously expanded production, exhaust our own resources of iron just as they have their own. That, however, is the one case where we have any reason to use the term "inexhaustible resources", except in the case of forest products, where there is a renewable resource which under proper forestry methods could be kept intact for all time.

Let us examine the figures of some of our main minerals. Those figures are particularly revealing. These are the most recent estimates of the dominion bureau of statistics in regard to the number of years of supply of ore available at current rates of production in relation to what has already been proved. I would ask hon. members to think of these figures and what they mean when I repeat the fact that this is only at current rates of production and consumption:

Copper	24 years
Lead	26 years
Nickel	30 years
Zinc	30 years
Asbestos	64 years
Petroleum	22 years

Granted that there have been new discoveries since those figures were published, recent though they are, and granted that there will be new discoveries, what should be remembered is that these estimates are only based upon current rates of production. If the current rate is rapidly expanded to meet demands in the United States, then it will be seen that, far from having inexhaustible supplies, even the large supplies we now have could be fairly quickly exhausted. The United States has shown us that resources can be exhausted; these estimates demonstrate that it can happen here.

Once a country is fully opened up, it is opened up for all time; with new technical devices and new means of transportation we are well on the way to the real opening up of our country. As trustees for future generations of Canadians, we should make sure in every way we can, within the framework of our constitutional structure, that by the combined efforts of all governments and all the people of Canada the opening up of our country brings the maximum benefit to every part of Canada, not only for today but for future generations far into the years ahead.

We see many signs of great increases in industrial production in Canada, but again it is well for us to temper our satisfaction with statistics. In spite of new sources of industrial energy and great new supplies of raw materials for industrial production, we have not kept pace with the rest of the free world in industrial expansion, as I have already mentioned. The United Nations monthly bulletin of statistics for January 1956 reports that the increase of industrial production for the whole non-communist world was 37 per cent between the years 1948 and 1954 inclusive, while for the same period Canada's industrial expansion was 24 per cent. In the same period the industrial production of West Germany expanded 180 per cent. I, of course,

concede immediately that there are unusual circumstances which have produced that result.

Mr. Howe (Port Arthur): You mean, from the paralysis following the second world war?

Mr. Drew: I concede immediately that there are unusual circumstances that produced that result, and I was just going to say when the minister interrupted my remarks that these cannot be compared with our own figures, because Germany was rebuilding a great industrial structure after the destruction of the world war. Nevertheless, in the United Kingdom, where there also had been destruction, there has also been a greater percentage of industrial expansion than there has been in Canada. This is not something in regard to which we need to be unduly concerned, having regard to the future; it is simply, as I said before, something to temper our optimism and make us recognize that with the unique opportunities we possess, unequalled by any other country today of anything approaching a similar population, we have not done all that could be done in the way of industrial expansion.

There is also the fact that the improvement in personal income, which has been substantial, has not been equally distributed throughout our country. In terms of real dollar value there has been a surprisingly small increase in the maritime provinces and Saskatchewan, with some areas in the other provinces equally unbalanced. Large areas right across Canada have not participated fully in our recent growth and development. This government has failed to meet its obligations to those parts of Canada which are most in need of encouragement and financial support. The failure of this government to support sound projects like the South Saskatchewan power and irrigation project, the Beechwood project in New Brunswick and other similar developments which have been discussed here from time to time merely serve to accentuate the differences already existing not only in different parts of this country but in the way in which this government deals with the problems in different parts of the country.

The present government's policy for Canada's economic growth exposes this country to severe external dangers which could be reduced if greater encouragement were given to the building within Canada of heavy and light industry while at the same time increasing the size of our domestic market by well-planned immigration.

Our growth has been the result of a vigorous pioneering spirit over the long years amongst our own people combined with foreign investment in our development through the whole of our national history. From Britain, France, Germany and now more particularly from the United States money has flowed into Canada because of the prospects offered for a sure return. That, after all, has been the inducement: The prospect of returns from the investment made.

We have always welcomed foreign investment and I am sure we always shall. But we should not exaggerate our dependence on foreign investment. More than 80 per cent of all capital investment in Canada still comes from Canadians. However, the important fact which we must examine and discuss from the point of view of government policy is the growing danger to our economy as a result of the ownership by residents of the United States of a very large proportion of Canadian industries and mineral production. The latest official figures available are those for 1952. According to those figures we are told that 38 per cent of the capital in Canadian manufacturing industry was owned in the United States, and 53 per cent in mining, smelting and the petroleum group of industries. That proportion has rapidly increased since those figures were made available. It has been estimated in the press recently that 90 per cent of our oil industry is controlled in the United States. It may not yet have reached that point. Certain it is, however, that the percentage of ownership in the vital industries which profoundly affect the course of our economic growth is rapidly increasing all the time. It is not enough to say that these industries and other producing activities must of necessity operate to the advantage of Canada because they are in Canada and under Canadian law. The fact is that this government has on different occasions answered people who have complained of certain difficulties that arise because of the foreign ownership of industry here, that they could not control the result of that ownership. Companies which are controlled in the United States, whether they be Canadian companies or United States companies, are controlled effectively outside Canada as to their plans of production, their pricing policies, their dividend policies and the policy of the company as to further extensions of their activities and the direction of their production. The laws of Canada do not affect their control over those fundamental and vital aspects of their activities. Already this represents a substantial loss of economic independence in many lines of production.

Our position is different from that of any other country in the world today. It is well for us to keep in mind the broad map of the world and the relationship of other countries throughout the world. Nowhere is there a situation similar to that with which

we are confronted. We live side by side with a great and friendly neighbour. No sinister purpose guides their attitude towards us. Over the years, right across Canada there has been a mingling of blood that extends family relationships with the people of the United States. Nevertheless, there is this unusual situation. We live side by side with a country which has a direct and daily impact upon our thinking through the press, over the radio, by television, through the periodical publications and by other means of communication. In this way the desire to buy things produced in the United States is stimulated in a manner that is perfectly legitimate for those who are selling and producing those products in the United States. Nevertheless, the reality is there. The steady pressure of financial expansion from the United States into Canada has created an interlocking economy in which the direction is swinging more and more to the head offices of companies in the United States which are operating on both sides of the border. It is as though there were two great bodies living side by side, with the arteries becoming more and more intertwined but the central control of those arteries moving more and more into the more populous of the two countries.

Let us examine these facts in the manner in which we are accustomed to examine them when we discuss situations of this kind with our friends in the United States. After all, it is to their interest as well as ours that Canada be a strong and vigorous nation, confident in its own right and in a position to build to the full stature of powerful nationhood under the control of our own policies in the years ahead. Here are some of the results of the situation which is developing:

1. A heavy net outflow of interest and dividends increases the amount of goods which have to be shipped abroad to raise the necessary foreign exchange. In other words, the profits are drained out of the country and the amount of goods which can be imported at any given level proportionately reduced.

2. Foreign interests control the pricing policies of their Canadian subsidiaries in a way that could be a great disadvantage to the Canadian consumer.

3. Foreign financial control is in a position to decide the extent and the form of the operations of their Canadian subsidiaries, and they can use earnings from their Canadian subsidiaries to finance expansion of plants outside of Canada.

4. In many cases senior positions in Canadian subsidiaries are held by other than Canadians.

5. Foreign management may use its Canadian plant to manufacture goods for export only when the United States plant is too busy to handle its export orders. This creates undesirable fluctuations in production and employment in the Canadian subsidiary.

6. A foreign-owned subsidiary can export scarce goods to the parent company's foreign consumers even if prices for the product are higher in Canada. That has already happened in cases that have been discussed.

7. A foreign company may not give the Canadian public adequate information about the affairs of its Canadian subsidiary. A number of Canadian subsidiaries today are operating under laws which do not compel them to give the information which is essential for an understanding of their operation.

8. United States interests doing business in Canada are subject to some laws of the United States such as the anti-trust laws. No matter how desirable the purpose of any of those laws may be, the result is that there can be an interference with business in Canada by the decision of the United States courts or other tribunals. I submit that business in Canada should be under Canadian courts and tribunals only.

9. Industrial research for Canadian owned subsidiaries of foreign owned corporations may be carried on outside the country so that there may not be adequate inducement for skilled personnel to remain in Canada.

A number of these disadvantages could be met without in any way discouraging investment in Canada and with comparatively simple changes to Canadian laws. For example, there should be a Canadian law to compel the United States owners of substantial Canadian subsidiaries to publish properly audited balance sheets and income statements of their Canadian operations. If this were done the Canadian public would know how profitable those subsidiaries are and what the actual cost of production is in relation to price. Those are some of the obvious disadvantages that arise from a situation which has developed simply from the fact that Canada now offers a rich return for large scale investment.

We have gained a great deal from that investment. We all recognize that. We must recognize that we have also gained much from the association of Canadian business with large United States businesses, as we have from the association with British businesses, with French businesses, with German businesses and other businesses that have set up for operation here in Canada. We gained the advantage of their technical skill, their industrial experience and their elaborate

research facilities. On the other hand, carried to its ultimate conclusion, this could produce the result that we would not have adequate research facilities of our own; that we would not develop the necessary management skills and that our business methods, which in the end have such a wide impact upon our social conditions, would not be under our own direction.

Therefore, it seems clear that if we do believe it is important that we remain Canadians and have a distinct Canadian nationality, it is desirable that those steps be taken which are necessary to encourage our own management and expansion of our own affairs. This can be done without in any way discouraging legitimate investment of any kind in Canada. One of the most important things in industrial expansion is research. The amazingly successful industries of Switzerland and Holland, both tiny countries compared with the size of ours, are an example of what can be accomplished in that field. So also is the immense production of Germany and that, of course, is true of the United States. Therefore, the training of skilled men and women to take their part in research and technical development must be part of the national program consciously designed to advance our industrial expansion in Canada.

Without interfering in any way with the exclusive jurisdiction over education which rests with provincial governments, encouragement should be given to advance research and within the framework of our constitution research facilities should be expanded rapidly right across Canada in our universities and industries. This is something the government can do and should undertake right away.

This government has been strangely reluctant to make those changes in our laws which would end the very real discrimination against Canadian investors. It does seem a strange thing that a situation actually exists today that Canadian investors are in many respects at a disadvantage when it comes to investment in Canada as compared with investors from the United States or some foreign country. It is important that minority participation in foreign companies operating in Canada should be open to Canadians. There are obvious reasons why Canadians should be able to affect, to some extent at least, the operation and direction of affairs of all companies in Canada. The more companies that are controlled by Canadians themselves, naturally the happier we will be. But where that is not so, there certainly should be provision for participation by Canadians in all companies in this country.

Actually, at present minority Canadian participation in foreign controlled subsidiaries is discouraged by our own laws. These are recommendations which we have already discussed at different times in this house in detail. I want to summarize some of these subjects which have been discussed here and elsewhere because the impact of our own laws upon investment by Canadians in our own activities is one of the things that have a very great bearing upon the situation which has developed in this country. We have been told that Canadians are unwilling to take risks with their money; that is not so. It is utterly untrue. Canadians are prepared to take risks along with others. Canadians, however, have not found the same opportunities and the same encouragement as others because our own laws are not as beneficial to those who take risks of certain kinds.

May I review some of the ways in which the laws do act contrary to our own interests in this respect:

1. Canadian tax laws should be changed to eliminate the tax penalty which a British or United States company must suffer when it allows Canadians to own a substantial minority interest in a wholly owned Canadian subsidiary.

2. The incentive to non-residents to operate in Canada as foreign corporations rather than as subsidiary companies incorporated in Canada should be removed.

3. There should be stronger incentives in the Income Tax Act for investment companies to invest solely in Canadian equity stocks.

4. Succession duty laws should be amended to make it easier for Canadian families to maintain control of their businesses.

5. The method of taxing Canadian oil companies should be changed so that the Canadian operator is not at a disadvantage in competition with United States operators in the Canadian oil fields, as he now is.

6. Tax deductions should be permitted in respect of research expenditures which will encourage our own research in every field.

I do not intend to review these subjects in detail. It is not possible within the time at my disposal to do so. These cover a vast field. Certain it is, however, Canadian government policy should be designed to give Canadians as favourable a competitive basis for operation as is possible, and it should be extended to every possible case where Canadians invest. It certainly should be extended to Canadians as much as or more than it is to the foreign investors no matter where the investors may come from. That is the least that Canadians should expect from their government.

Now, may I speak, and only briefly, of this unfavourable trade balance with the United States which amounted last year to $839,996,794. This enormous amount is one that we cannot disregard. Figures released for the first five months of 1956 indicate that it is likely this unfavourable balance will exceed $1 billion for the current year; that is something to which the Canadian government must give attention. It certainly should be Canadian policy to balance our trade as much as possible and not place ourselves in so precarious a position in relation to any one nation, no matter how friendly that nation may be. We must not place all our eggs in one basket, either in regard to trade or in regard to any other aspect of our economy.

There are many aspects of this unfavourable trade balance which call for our consideration. It is only possible to support such an unusual situation because of the heavy flow of investment money into Canada from the United States. That has made it possible for us to buy many things that we require and undoubtedly many advantages have flowed from those purchases, but it has also limited some of the advantages of the investment which has been made.

Another subject which must be borne in mind is the upward trend in the export of raw materials since the end of the second world war. That has steadily increased. At the same time, the proportion of fully manufactured goods in our exports has been declining. In 1946, 51·8 per cent of all our industrial exports from Canada were in fully manufactured form. In 1954, they had been reduced to 39·8 per cent. At the same time the percentage of fully manufactured goods in our imports has been steadily rising. In 1946, 66·8 per cent of our imports were fully manufactured, while in 1954, 75·6 per cent were fully manufactured. This gives a picture of growing dependence upon outside manufacture which is not consistent with our remarkable position; it is not consistent with the fact that we have every one of the known sources of industrial energy in large quantity and that we have great resources of raw materials beyond the dreams of most countries of the world today.

Nothing that I have said is an argument against foreign investment on the one hand, or the export of resources on the other. It is an argument that in the laws which govern the results of investment, and in the use of our resources, Canadian interests should at all times be protected and encouraged. That will not limit legitimate investment in any way. At the same time our export policies should be related to our own needs for the future and the desirability of processing as much as we can of our own raw materials in Canada to give employment to new millions of Canadian workers.

These problems pose a question to which all Canadians must be prepared to give an answer one way or another. Do we believe in Canada as a national entity? Do we believe that it is worth while that the people living in this country in the years ahead shall continue to be Canadians with full and effective control over a strong, prosperous and vigorous country? I am sure that it is the wish of Canadians, and I am sure that Canadians want policies which will make that result certain.

We recognize the constitutional division of responsibility, but this government must assume responsibility for guiding policies in regard to international trade. Canadian expansion under as great a measure of Canadian control as is consistent with our national aspirations should be the policy supported by every one of us.

The question before us is simple but vitally important. Are we going to be satisfied with a quick cash return for capital assets which can never be replaced, or are we going to plan privately and publicly for the highest possible use of our own raw materials in Canada under long-term plans of development and conservation? Are we going to be hewers and diggers in large measure for a great and friendly neighbour who will then sell the finished products back to us after the most profitable employment has been created for their own people, or are we going to make the processed and finished articles that we need here in Canada in factories broadly based across the whole of our country to use the materials and resources which providence has entrusted to our care?

I think the answer to these questions is of vital concern to every Canadian. It is of equal concern to our farmers and industrial workers and investors, because the broad prosperity of the Canadian people will depend upon what we do. I have not spoken today about the great production of our agricultural areas. We all know of that. We know that one of our problems is the surplus production; we know that there is nothing so important to the farmer in Canada today as larger consuming markets within this country to provide the ready outlet for the goods that can be produced on our farms in far larger quantities than are being produced today. I think the appropriate answer is clear. I think we should decide that as Canadians we will process our raw materials to the greatest extent that is a practical possibility and in that way create highly paid

employment for many new millions of Canadians in the years ahead, that will create more markets for an extended production in Canada in every field.

We all share the satisfaction in the growth and development that has already taken place. But this is only a promise of what can happen. Government policies should encourage the development of our own resources, should promote the processing of those resources in Canada, should correct our unfavourable trade balance, should assure the participation by Canadians in the development and processing of our resources, and should assure opportunity and employment for all Canadians from the Atlantic to the Pacific wherever they may live.

Along with the bright picture that we see in so many centres in Canada today, there are unhappy pictures which no Canadian should ignore. I think many of us have seen the extreme poverty which exists in some parts of this country and which has not been alleviated by the developments that have taken place here. It must be the concern of all Canadians to spread this rich opportunity across our broad land and by the combined efforts of our people make sure that it is not only for some Canadians that these advantages accrue but that the development of those incredible opportunities is truly for the benefit of all Canadians wherever they may live, whatever their occupation may be and whatever part of Canada they call their home.

My firm conviction is that if we adopt a sensible Canada first policy which strengthens our own country we shall then be in a position to make our greatest contribution to international friendship and international cooperation. Upon our own strength will depend the value of our contribution to the joint efforts which are being made for the advancement of civilization throughout the world.

We are indeed a very fortunate people living in a very fortunate land. We are now at the dawn of one of the brightest days which ever opened out before the people of any nation. But it is not only of today but of tomorrow, and of the many other tomorrows, that we should be thinking at this time. We can gain much wealth in a short time for a limited number of people, or we can spread prosperity, security and happiness across the whole land, depending on the course that we follow.

We wish to be good friends of all nations; that goes without saying. But first of all we wish to be strong within our own boundaries and within every part inside our boundaries. With the right policies today Canada can have a population of at least 30 million people within the next 25 years, and by the end of the century we should have at least 75 million people and be a great and prosperous world power.

I have said this before, but I repeat it from deep conviction. For the Canadians of today and of tomorrow this can indeed be the beginning of Canada's golden age. Mr. Speaker, I move, seconded by the hon. member for Eglinton (Mr. Fleming):

> That all the words after "That" to the end of the question be deleted and the following substituted therefor:
>
> this house is of the opinion that the welfare of the Canadian people requires the adoption now of a national development policy which will develop our natural resources for the maximum benefit of all parts of Canada, encourage more processing of those resources in Canada, correct the present serious unfavourable trade balances, foster wider financial participation by Canadians in the development of our resources, and promote greater opportunity and employment for a steadily increasing population.

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, in rising to participate in this debate in this circumstance, one is under some disadvantage. Not having had an opportunity to make preparation and marshal the necessary material facts, one is perhaps unable to do justice to a topic of this importance. However, I think the Leader of the Opposition (Mr. Drew) this afternoon in moving this resolution and in the address which introduced it has placed before the house a great deal of material and has advanced many arguments that will appeal to members on all sides of the house. I agree with him that Canada should be on the verge of still greater expansion.

When I say that we should be on the verge of still greater expansion it is because over the last half century or so we have seen a tremendous growth both in the development of our resources and indeed in our population. I can look back now over almost a half a century since I came to this country as an immigrant. I recall the prairies as they were then, wide open spaces, the homesteaders building their sod shacks and in many instances still breaking the land with oxen. When one sees what has developed in that agricultural area over the last 45 or 50 years one realizes what expansion can be achieved in the years to come in all parts of Canada.

One has only to move from one side of this country to the other to realize the variety of our resources as well as the beauty of the land in which we live and the diversity of the people who inhabit the land, people of diverse origins. Our English-speaking population today is not wholly Anglo-Saxon, but intermingled with the people who inherited the English language from their forebears are those who have come to us from other

countries and have been integrated into the English-speaking part of Canada. We also have the French-speaking population which has grown and expanded and assisted so materially in both the industrial and cultural development of the land in which we live. Consequently when one projects his mind 25, 50, 75 or 100 years hence one begins to see a picture of what this country may be in the years to come.

This afternoon the Leader of the Opposition has placed before us some considerations to which we should pay some attention in this parliament at the present time. It is quite true that the development—or shall I use the word "exploitation"—of many of our natural resources has fallen under the control of interests that are not Canadian, whose only thought in the exploitation of those resources is the making of a maximum amount of profit and return on the capital they have invested in our land. It seems to me that while we do welcome capital from outside the country to assist in the development of our resources, we in this parliament, and perhaps more particularly the members in the provincial legislatures, have an obligation to see that this development is planned in order that the maximum benefit may accrue to Canada today and to Canadians in years to come.

I noticed the Leader of the Opposition used words to this effect. He said what we need is a national program consciously planned, and I agree with him. We in this group have long held that if we are to develop this country along the right lines we must have sound national economic planning. By national economic planning I do not mean that it must be done by the central authority, but that under the leadership of the federal authority the provincial governments in co-operation with the federal authority should be planning the utilization of our resources not only for today but also for the years to come.

When we move across this country we can see the extent to which our resources are being not developed but exploited. I have our great forest resources in mind at the moment. Had I known this debate was to come up this afternoon I might have looked up some information I have at home on this subject. About two weeks ago a timber expert from a Scandinavian country made a statement as he departed from Canada. He had visited this country for some months, and in his investigation of the manner in which these resources in Canada were being utilized he had taken jobs at various lumber camps without indicating his real interest in Canadian forestry.

When he left he made a statement to the effect that he had been very interested in seeing the vast forest resources Canada has, he had been interested in having an opportunity to investigate the manner in which they were being exploited, and then he went on to say that he knew of nowhere in the world where the forest resources were being as wastefully denuded as they are in our country at the present time. He also went on to say, of course, that our vast forest resources were not inexhaustible, and that at the rate we are cutting down the trees and not replacing them under any conscious plan the time would come when Canada would be without these great forest resources.

One has only to remember what happened in the United States some 50, 60 or 100 years ago to be aware of what results from a lack of planning. One has only to travel through Minnesota, Wisconsin or Michigan, which at one time were the great forested areas of the United States, to realize that the heritage of scrub, sand and rock, in Minnesota particularly, has resulted because the people of that day and generation failed to safeguard and properly utilize the great resources which once covered those vast areas of the United States.

Coming in a little closer to home, one only has to drive up and down the Ottawa valley to realize that 100 years ago this valley was the scene of one of the finest stands of white pine in North America. One has only to go to the archives and other places to see pictures of the Ottawa and Rideau rivers of 75 or 100 years ago to see the rafts of mighty timber that were coming down. Today you can drive up and down this Ottawa valley and except for an isolated tree here and there you can find no descendants of those great trees which once covered the area.

What has happened in Michigan? What has happened in Wisconsin? What has happened in Minnesota? What has happened in this Ottawa valley, still beautiful indeed with the scrub bush which now covers it but denuded of the great forests which once added to its glory. Without conservation and planned use the same will happen in British Columbia, in the northern parts of the prairie provinces, in Ontario and Quebec and indeed in the maritimes, where already many great forests have been lost to this generation. Thus we can readily realize what may happen in the future. I think the generation which is exploiting our forests is doing an injustice to the generations which will follow.

What we need in connection with the development of our resources is a national

plan to be applied as we use our forest resources. I give this as an example because they are replaceable, and are not like minerals where once you take them out of the ground you have nothing left but a hole. There are possibilities of replacing our forest areas so that future generations may have the resources upon which they can build industry of various sorts and types and thus be enabled to be happy and prosperous.

This afternoon the Leader of the Opposition spoke of other lands where once upon a time there had been great and prosperous cities. There had been cities in the Sahara desert, in Mesopotamia where according to tradition the garden of Eden was situated between the Tigris and Euphrates rivers. Until comparatively recent times, until indeed some new irrigation projects were undertaken, the valleys of these historic rivers were nothing but deserts of driven sand. The same thing applies, of course, to North Africa. Anyone who has visited North Africa will have seen the hillsides in Palestine which were once the vineyards of that area and which are now merely eroded terraces of rock. The soil has gone and nothing can grow there. One then realizes what human beings can do to the resources of a land if there is no proper policy of planning and conservation.

If we are to have proper water resources, if we are to have water to irrigate the parched lands of the prairies, then we must maintain the cover on the mountain sides so that water will flow, not in great floods sweeping everything before them but more gently during the season of the year when it is needed for irrigation purposes. Linked with the preservation of our forests is the conservation of water, for irrigation purposes particularly. That is linked again with the conservation of soil. I have already mentioned Mesopotamia, the Sahara desert and the Kalahari desert and indeed parts of India where teeming populations once lived and grew the necessary cereals and other crops to maintain themselves. They are now deserts because the soil was improperly tilled and improperly cultivated.

Many of us remember the drifting soil on the prairies of North America, and in referring to the prairies of North America I include the prairies of Nebraska and Kansas as well as those of Alberta and Saskatchewan, in those dreadful years of drought. I think we have learned a lesson that we shall never forget. I have been happy to note that the farmers on the Canadian prairies have taken note and have changed their methods of cultivation. Only recently during a very dry period with high winds on the prairies I saw very few spots where the soil was blowing as it would have done 25 or 30 years ago under the same circumstances. This was true because the agricultural population of that region had taken to heart the lessons of the windy dry years of the 1930's and changed their methods of cultivation so they conserved the soil for their own use and indeed for that of future generations.

As the Leader of the Opposition has said, not only have we forests, not only have we soil, not only have we water resources, we have resources in the water in our fisheries both inland in the great lakes and in the northern regions where numerous fishermen catch fish in the lakes to make their living, as well as along the coasts of Canada. The conservation of salmon on the Pacific coast, the replacement of salmon on the Atlantic coast and the general supervision now given to the fishing industry is a form of planning, a form of planned development which could be applied in another way, of course, in co-operation with the provinces to our forest and other resources of this country.

Then we have the tremendous resources of the Canadian shield. Almost every kind of mineral is to be found there. Then in the far north we have the huge deposits of iron ore to which reference has been made already this afternoon. But we must not forget that these are wasting resources. While perhaps we cannot foresee at the moment when the minerals of that vast area will be exhausted, one day perchance that may come about. As has been suggested this afternoon, we should try to do what we can as a parliament, co-operating with the legislatures of the provinces, to see to it that as much of those mineral resources as possible is utilized and developed for the building of Canadian industry and the prosperity of our Canadian people.

I am not suggesting that we should act like a dog in the manger and prevent the flow of raw materials to industry elsewhere, but I do suggest that that flow is greater than it should be, and that we should be doing much more of the processing of those raw materials and those minerals in our own country. When we think of the diversity of our mineral development over the past few years and the remarkable discoveries of oil that have been made in the province of Alberta and are now being made in the province of Saskatchewan, the province of Manitoba and indeed the province of British Columbia, we realize that there we have a great resource that should help to build up our Canadian economy.

It is quite true that because of the enormous amounts of capital that were required for the exploration and development of this oil resource, the control has fallen very largely under the domination of several great United States oil companies, but in the further development of this great resource we should do all we can to see to it that as great a control as possible is maintained in Canada, and certainly that no foreign corporation should be able to say to the Canadian people, "This is my oil" or "This is my gas, and unless you utilize it as I decree I am not going to allow you to utilize it at all." That has been said, and that is the kind of thing this parliament and our provincial legislatures should view with some misgiving and should seek by proper legislation to rectify and bring under the greater control of our own Canadian people.

We have tremendous resources newly discovered, which already are establishing great industries. When one goes, for example, to the city of Edmonton, a city that I knew nearly half a century ago—

Mr. Martin: You are getting old.

Mr. Coldwell: Yes, and so is the Minister of National Health and Welfare. He is getting more interested all the time, I hope, in improving the lot of the old age pensioners, because he is getting along to that stage gradually himself—

Mr. Martin: *Tempus fugit.*

Mr. Stewart (Winnipeg North): Do it before you die.

Mr. Coldwell: —and I congratulate him on giving more attention to that important group of people in our country.

Mr. Martin: I thank the hon. gentleman.

Mr. Coldwell: I am congratulating him because I hope he is giving more attention to them. But as the years go by one realizes the extent to which this development has occurred. Edmonton is an example of a city far away from what one would consider to be the great centres of the world's population, far away from the normal outlets of navigable rivers and ocean and so on, that yet, because of the discovery of new resources, suddenly expands into a great industrial centre. I am convinced that other cities of the west, like Saskatoon and Regina and other cities that are adjacent to areas where probably similar resources will be found as exploration and development proceed, will also become industrial centres though a few years ago we thought of them purely as distributing centres for our great agricultural areas. So we need to safeguard these resources.

My hon. friend from Cape Breton South (Mr. Gillis) last Friday placed before the house some views regarding the coal industry and, as he has so often done, the necessity for the establishment of a national fuel policy so this great industry may be saved from extinction and the great resource it represents may be utilized over the years. Indeed, let us not forget that in all probability, when the oil wells begin to run dry the world will go back to coal again as a source of power; perchance also to water and atomic power, of course, but coal once again, with its great storehouse of chemicals. I suppose there is no mineral that has stored within it as many useful chemicals as coal. Our dyes, many of our medicines, and indeed extracts that we use for flavouring and all the rest of it—

Mr. Gillis: And nylon stockings.

Mr. Coldwell: As my friend from Cape Breton South says, nylon stockings originate largely in the coal fields of Nova Scotia, Alberta, British Columbia, Saskatchewan and other parts of Canada. So we have an obligation to the future generations of Canadians to safeguard these great resources.

This afternoon the Leader of the Opposition mentioned the human resources. Without adequate development of our human resources, of course, we cannot properly develop our mineral and other natural resources. I think Canada has not done nearly enough in the realm of education and in the encouragement of young men and young women to take various courses in our universities. I am not one of those who believe we should say to every young man and woman, "Take a scientific course or a technical course in our colleges and universities." Far from it; I would tell every young man and woman who wants to take a scientific or technical course in our universities first of all to take the arts course and get a broad picture of life that will serve them well in any field of endeavour they may undertake in the years to come.

We have not done enough in any of these fields of education. Of course I have often said that without interference with the control of education by the provinces this parliament should be making grants for education, should be encouraging in every possible way the expansion of our universities and giving encouragement to all our young men and women who have the ability to take a higher education. As I said some time ago, one of the great satisfactions I had when I was in the United Kingdom two years ago was to go back to my old college and to the other educational institutions in that country and be told that, contrary to what it was when

I was young, when my parents had to sacrifice tremendously to give me the education I got, today no boy or girl with ability would be denied higher education right through to the university in Britain, because of the scholarships and the bursaries and the grants to the universities made by the government of the United Kingdom. Of course it is a little simpler there because they have a unitary system of government, while here we have, of course, a federal system; but I think it could be worked out here between the provinces and the federal authorities to the satisfaction and the advantage of the country.

Stemming out of that, of course, is the need for research. Until very recently not a great deal of research was done in this country. I think the national research council has done a magnificent job. The national research council gave an impetus to research in this country. It was a public institution but, very fortunately, many of our great industries have followed suit and are now paying much more attention to research than they were a few years ago, although I do not think they are paying sufficient attention yet. More research must be encouraged in our country and that means, of course, that we must have more young men and women prepared to enter into the fields of research in all phases.

If we are going to do all these things we cannot adopt an attitude of laissez-faire. We cannot leave it merely to individual corporations and individual persons to undertake all this. We have to have some conscious planning, some conscious economic and social planning, in which we, of course, as a party believe. That does not mean that everything has to be done under public ownership and public control. I think we learned many lessons during the years of depression and subsequently. In a modern society leadership must be given by public organizations. But in a modern mixed economy there is room for private enterprise which will help to develop the resources of the country in order to give to our people a better standard of living; and most of all, of course, there is need for the organization of co-operative associations of various types and sorts to distribute as well as to produce many of the things that make life worth living.

I am therefore going to leave the matter at that, Mr. Speaker. I want to say that we agree that if we are to develop our resources intelligently, as the Leader of the Opposition said, there must be a national program consciously planned. If it is consciously planned, the federal authority must give leadership. It may not undertake it wholly itself but rather must do so in co-operation with the provinces, because the natural resources of the country are controlled by the provinces of Canada. If we do this, I am convinced that over the years we shall see developed in this country a vigorous and prosperous population which can look forward in the years to come to contributing not only to the welfare of the people of this country itself, but generally to the welfare of the world.

Let us not forget this fact Mr. Speaker. This can be done under the guidance of our democratic institutions. Today democratic institutions are being challenged as they have never been challenged before. The totalitarian countries tell us of what they are able to do in developing their resources. They are trying to demonstrate to some of the underprivileged people who one day will probably decide the fate of the world that they can do better than the democracies. I am certain that under our democratic institutions we can do better than they can.

However, the outcome depends on the energy we put into the doing of this job. If we want to win over these people of the world who are being told by the totalitarian countries, "We have achieved much in a short time", we too must achieve much in a short time in our country. We can do that. We can develop our resources. As the Leader of the Opposition suggested this afternoon, we can remove the spots—there are many of them, and some of them are quite large spots—where poverty, misery and disease exist. We have the resources. All we need is the will; and given the opportunity, I believe the Canadian people have the will to do this job.

Mr. Solon E. Low (Peace River): Mr. Speaker, I think it is to the advantage of Canada that occasionally the members of this house stop to take a look at the over-all policy that guides the development and growth of our great country. I think it is wise occasionally to place before the house a motion such as that which has been moved this afternoon by the Leader of the Opposition, which gives us all a chance to express our point of view. It helps to focus attention upon our resources and how best they can be developed in the interests of all the people of this country and of the country itself. I am therefore extremely glad to have this opportunity of saying a word in connection with the speech made this afternoon by the Leader of the Opposition and the amendment he moved.

I could not help feeling how great a change has taken place in the thinking of many members of this house in 10 years. When I came into the House of Commons 10 years ago, everybody seemed to be quite enthusiastic about internationalism and the prospect

of finding the answer to our local problems by surrendering our economic defences, giving them away. Now we have come around full circle to a degree of economic nationalism that I would not have believed possible in that length of time. I congratulate the members of the house who have already spoken on the fact that they have grown older and wiser and that, with their grey hairs, they have come to understand that there is no answer to our local problems in the surrender of our economic defences, that we cannot look to internationalism to solve our own problems.

I was interested especially this afternoon in listening to a good many of the statements made by the Leader of the Opposition, with which I agree. I am going to deal just briefly with some of them. To begin with, I must say that I would have been much more impressed with many of them had I seen some evidence a few years ago of an inclination on the part of his followers in this house to take a stand that was possible at that time, namely a stand for retaining our economic defences and against some pernicious things that have happened to lose those defences for us.

Mr. Rowe: We took that position before you were in the house.

Mr. Low: You forgot about that. Afterwards you became very weak, I am afraid—

Mr. Rowe: No.

Mr. Low:—and you forgot that idea, because I did not hear your voice raised during some of the debates.

Mr. Rowe: You never listen to me.

An hon. Member: You would not be worth listening to.

Mr. Low: I listen to my hon. friend and he often says something worth while. But he kept a very strange silence back in 1945, at a time when he should have been speaking up on something worth while instead of a lot of the piffle that he often talks.

My hon. friend the Leader of the Opposition said we are not manufacturing nearly enough here in Canada. I agree. I believe I am right when I say that last year Canada imported a greater dollar value of finished goods than any other country in the world, irrespective of its population. I think that statistic should soak in. If it is not true, I should like to have the facts presented. I believe it is true. It indicates that we in Canada have failed to develop our industries as they might have been developed.

Of course we have not done all we can in industrial expansion. I agree with that statement. But the question is, what is the answer? I believe that one of the great statesmen of Canada back in the late nineteenth century made the statement that the great need of that time in Canada was for transportation, and he repeated it; transportation, transportation, transportation.

We have our transportation fairly well developed now, Mr. Speaker. I believe the greatest need in Canada today is markets. I believe therein lies the answer to this question of industrialization in Canada. However, we cannot expect the total market of Canada to be available to our industrialists until we make absolutely sure that our people have the purchasing power with which to buy what has been produced. There is no question about that. Of course many people will laugh and emit those funny cackles which indicate that they do not know much about the situation and have not given much thought to it.

The greatest problem in Canada today with respect to industrial inducement or encouragement is that of getting purchasing power into the hands of the people. Until we make certain that they have purchasing power that is equal to our productive capacity, we are not going to get the industrial expansion we ought to have.

Now, we say that we are not manufacturing enough in Canada. But where are the markets; that is the big question. Our industrialists are asking that question. The Canadian people have got into the habit of buying in the United States. As the Leader of the Opposition pointed out last year they bought from the United States a billion dollars worth of goods more than the people of the United States bought from Canada. We have got into the pattern of buying in the United States. Why is that? The big reason, of course, is that the people of Canada find they can buy a good many things cheaper down there than they can buy them here. The Leader of the Opposition said in his speech, and certainly indicated in his amendment, that one of the reasons has been that in Canada we have not paid enough attention to this whole problem of taxes.

For a great many years we have imposed upon commodities not only sales taxes but also certain excise taxes. These taxes have increased costs and they have, to a very large measure, discouraged our Canadian people from buying things made in Canada. As a consequence a great many of them regularly go down into the United States and buy to the limit of the customs allowance. They bring those goods into Canada. The Minister of Finance ought to take a look

some time at the possibilities in the purchases by the people of Canada in the United States. If a large proportion of them take it into their heads to go to the United States every four months, as they can, and buy and bring back into Canada a hundred dollars worth of goods duty free, then let the minister figure out how much it would amount to.

Our people, Mr. Speaker, have got into the habit of buying in the United States. The consequence is that we have a trade unbalance. The question I have to ask myself is, how in the world can this pattern be changed? There is one way in which it can be changed, and that is by making it more profitable for the people of Canada to buy Canadian made goods. I have in my hand something which is pertinent to the case. Here is a little column, a short one, which indicates something of the problem at any rate. I cannot say whether or not the figures are exactly right, but it indicates the extent of the problem. It is headed, "Hidden Taxes Chisel from Cradle to Grave", and is written by Fred Edge in *Liberty* magazine. This is what it says:

> Not long ago a Winnipeg friend of mine bought an automobile for $2,600. "How much," he asked the salesman, "am I paying in taxes on the actual price of this car?"
>
> The salesman had to admit he didn't know, and wasn't too interested. Like most Canadians, he accepted government taxes as a part of purchase—written into the price tag in invisible ink. My friend did some checking on his own. He found: Sales tax on his car was slightly more than $170. Excise tax was about $280. Approximate total tax: $450!
>
> Each year, Canadians make out their income tax, mutter briefly over how much tax they pay on their salary—and promptly forget taxes until next year. Few people realize they pay staggering taxes every time they buy anything from shoes to toothpaste. The tax they pay makes the average man's income tax look minor.
>
> Cigarette smokers who smoke just one package of cigarettes a day are paying $62.05 a year in tax to the dominion government—or 17 cents on each package. The man who buys a bottle of Canadian made rye for $4 is paying roughly 84 cents for the rye and $3.16 to the provincial and dominion governments. The sales tax alone on a pound of coffee or tea costing $1.10 is 6 cents; a pair of $15 shoes carries 95 cents sales tax; tax on a 40 cent tube of toothpaste is 2 cents.
>
> The iniquitous hidden tax, borne by Canadians from the moment of birth—both pins and diapers carry an unseen sales tax—follows right to the grave. The government last year pocketed roughly $1,000,000 on the hidden sales tax on coffins.

Now, as I say, I have not checked the figures that were used in this article. What I do say is that the whole article indicates as least one facet of the problem. As long as we make it unattractive for Canadians to buy Canadian goods, then certainly they are going to seek their purchases elsewhere. It is only natural that they will go to the United States and buy as much as they can bring back duty free. Sometimes they are able to buy things in the United States, pay the taxes and still beat us here in Canada.

In his amendment the Leader of the Opposition mentioned something about taking action in connection with taxes so we can make things much more attractive in Canada. We have got to expand our markets, and it does not matter how much well planned immigration we attract into Canada; that will not solve the problem unless we are going to do something about prices. We do have an answer to this price problem, and we can get along without imposing these price-pyramiding excise and sales taxes that put us behind the eight ball when it comes to the question of competing with other countries in the matter of trade.

The Leader of the Opposition spoke of foreign financial control of a very large percentage of Canadian resources. I followed him as he spoke about those things and he failed to say anything about the answer to that problem, nor did he enlighten the house as to when and how the roots of that condition were put out. He did not say, for example, that beginning with the administration of Sir John A. Macdonald and right down to our own day, the governments of Canada and all the provinces have given away large blocks of Canada's resources, alienated them from the crown and alienated them also from Canadian control. In the old days it used to be the fashion to reward political heelers for services rendered to the party, and when a party got into power they would hand over large blocks of our resources to those people for exploitation. This has not stopped yet, Mr. Speaker, yet we talk about foreign control. We have seen something of this situation in our own province. I am going to say that the Leader of the Opposition was not completely correct when he said that foreign financial control has arisen simply from the fact that investment in Canada offers such rich returns.

I am sure that everybody is aware of the fact that the Canadian Pacific Railway, the C. and D. Corporation and the Hudson Bay Company, as well as other big concerns, were given outright very large blocks of our resources, our mineral rights. During the years they have taken control of those outside of Canada to a very large degree, removed them from the control of the government of Canada. I am not blaming this government for that. It happened that when we came into office in Alberta in 1935 we discovered that slightly over 50 per cent of the subsurface rights, minerals and oil, had

been alienated from the crown and the people, by deed of gift, by sale or by some other means that we have not been able to find out. That left us less than 50 per cent controlled in the interests of the people.

Well, we sat down and thought about the situation for some time, and tried to figure out means by which we could see that the rest of the resources that remained unalienated could be developed in the interests of all the people. I believe we succeeded in laying down a policy that would do it. We decided then and there that one of the important points that we had to observe was that not one square foot of any of those resources remaining in the possession of the crown for and on behalf of the people should be further alienated, and we have stayed with that policy to this day. Not one square foot has been sold or given away.

We adopted a policy of leases, rentals and royalties under which we sought to attract people who would come and invest their risk capital in a lease controlled by the crown. The ownership of those resources was to remain vested in the crown and be administered for and on behalf of the people. Always the control, in a circumstance like that, will be in the government, not outside. As a consequence we have gone forward in the development of our resources in the province of Alberta. That portion which remained unalienated has been developed for the people. They own it. But the development has taken place under a process of private enterprise, and there have been no alienations in the last 21 years.

That is one way by which these things can be accomplished, by which we can establish the foundations for a true Canada first policy; but we cannot establish a Canada first policy if we are going further to alienate our resources from the crown and give them away to others to exploit, under which plan Canadians will find themselves under the complete domination of foreign countries.

Well, we dealt with the situation and we started this, Mr. Speaker, in an effort to build up our industrialization. We had as our objective the bringing about of a balance as nearly as possible between our agriculture and our industry, and I think we have fairly well succeeded; but we had to resort to some very interesting means. One of those means was to intensify the effort to sell our Alberta people on the purchase of Alberta goods. We did so by using a very interesting form of local purchasing power and a process of bonusing Alberta made goods. It did intensify industrialization; it did succeed in focusing the attention of the people of Alberta on the need for buying Alberta goods. While we were not trying to discriminate against any other province or any other country, we felt the absolute need of doing what we could to build up industry in Alberta, and I think we have fairly well succeeded in that.

I believe we have to start there; we have to start on a broader scale to see to it that our resources are kept in the ownership and control of the people of Canada. That is perfectly correct. It can be said, of course, that the oil industry to a very large extent is financed by people outside of Canada. I do not know whether it is 90 per cent, 80 per cent, or what it is; nobody knows. But, Mr. Speaker, let me point out this fact. It does not make any difference, or not so much difference at any rate, where the investment risk capital comes from so long as the ownership remains vested in the people of a province of this country, and so long as control is exercised by the governments of the provinces to see to it that the development takes place for and on behalf of the people and they get the benefits. There is no question about that. That is what we have tried to do, and I think we have succeeded to a remarkable degree.

While there are people who inveigh against the big oil companies, yet the big oil companies are not in a position to dictate what shall be done with the oil, the gas or any other of our resources in the province. The policy we have followed does not allow that, and I think it can be demonstrated without question that this is so.

My hon. friend the Leader of the Opposition spoke briefly about the trade deficit of a billion dollars with the United States last year. That trade deficit, Mr. Speaker, has developed very largely as a consequence of our failure 11 years ago to stand up against the pernicious international arrangement that was advocated and adopted in this house. At that time we in this corner of the house pointed out that if Canada became a party to the Bretton Woods agreement it would throw our whole trade arrangements into complete—well, confusion, to say the least. We point out then, Mr. Speaker, how Bretton Woods favoured creditor nations like the United States, and how it did not place upon the United States, or upon any other creditor nation, the responsibility of balancing its trade by the acceptance of goods from other countries. But it did place upon the debtor nations that responsibility. It introduced an international gold standard, and gave the creditor nations the right to sit back and demand gold or United States dollars in payment of trade balances. Now, where in the world is the gold to come from?

My hon. friend was not in the house at that time, it is true. He was in Toronto as leader of the government of Ontario. Had he been here I am interested to know what he would have done about it. His followers here did not do anything. They joined with the government of the day and with the C.C.F. in voting us down, in steamrollering us because we stood out against this pernicious international agreement under which we gave away our economic defences and made possible the very thing that now takes place, where the United States refuses to balance her trade, or even to try to balance her trade, by buying from other countries with United States dollars an equal amount or nearly equal amount of what those countries buy from the United States.

Canada sits back today complacently and allows those trade deficits to pile up. We do have an inclination on the part of people having capital in the United States to come in here and invest in our resources; otherwise we would be in a pickle. What in the world we would do about those trade balances if we did not have this investment I do not know. Therefore I say I would have been much more impressed with what the Leader of the Opposition said this afternoon if he had said we ought to set out at once to correct this situation. There is an escape clause in the Bretton Woods agreement. It would be possible for us to get out of it, and I think we should be talking here about the necessity—in fact it is a moral obligation—on the part of the United States to try to balance her trade by buying in other countries an amount equal to what other countries buy in the United States.

How can they get the dollars to balance their trade if they buy in the United States and the United States does not buy from them? And so we suffer this terrific trade imbalance very largely as a consequence of the developments of the last 10 years, and my hon. friends over here have nobody to blame but themselves, along with the other parties in this house.

Mr. Blackmore: They cannot even see it yet.

Mr. Low: May I refer for a few moments to the terms of the amendment which, it seems to me, consists of four different propositions. The first is:

> . . . the welfare of the Canadian people requires the adoption now of a national development policy which will develop our natural resources for the maximum benefit of all parts of Canada.

I think that is quite correct, Mr. Speaker. I think we all agree with it. I believe even the government would agree that that is so. They may say, "We already have it". I do not believe they have. I do believe that through dominion-provincial taxation, financial arrangements and conferences of various kinds we might develop such a policy so that our natural resources will be developed for the maximum benefit of all the people in Canada, but you cannot do it until you lay down a policy similar to that which we have adopted and have used so successfully for 21 years in the province of Alberta.

The second important thing he suggests is the adoption of a national development policy that will encourage greater processing of our natural resources in Canada. Again may I say I agree with that, but I would point out that until such time as we clear away the taxation and other disabilities that militate against the popularity of Canadian goods, until we see to it that our people have the purchasing power with which they can buy what we produce, then there is not much use talking about encouraging the processing of these resources in Canada. We have to make it possible for our industry to compete with other nations in the world of trade, and we cannot do it by any pious statements of hope.

He suggests that we should correct the present serious unfavourable trade balances. I have already said I would have been much more impressed by that part of his amendment if the hon. gentleman had told us where they stand with respect to the Bretton Woods international agreement and the things it has done for Canada.

He also suggests we have to foster wider financial participation by Canadians in the development of our resources. Once again that is a very desirable thing to do, but how it can be accomplished is another question. You cannot force people to do this. Instead, it has to be done by other processes. Certainly it is a desirable goal.

His last suggestion concerns a policy to promote greater opportunity and employment for a steadily increasing population. Yes, that is perfectly correct.

In closing, Mr. Speaker, may I say again all of that depends on whether or not we succeed in bringing our purchasing power into balance with our productive capacity. If we do that I think we will have laid the foundation, but until we do all the rest of these things are nothing but pious hopes.

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, the amendment submitted by the Leader of the Opposition this afternoon is of high importance and it is not without significance, it seems to me, that while all the parties in opposition have been heard from, no voice had yet been heard from the government side of the house.

Mr. Harris: Politeness.

Mr. Hodgson: Tired.

Mr. Fleming: The Minister of Finance says "later".

Mr. Harris: No, he said "politeness".

Mr. Rowe: Complacency.

Mr. Fleming: Well, if it is politeness it is a new departure in this house on the part of the government. I think the politeness might have been better demonstrated by the government in acquainting the house with its views on this very important amendment and the policy it enunciates and invites the house now to pass upon. I suppose the government is waiting to be furnished with speeches to be read after they have been prepared for them by their officials. One would have hoped that they would have had something to say at this stage of the debate before a second round of opposition speakers should have commenced.

Mr. Speaker, the subject matter of this amendment is not just a passing issue. This amendment states an abiding objective of policy of Her Majesty's loyal opposition, and it touches upon subjects to which all Canadians—and not least of all this house—need to devote some hard thinking and serious attention. We approach this question not on a negative or merely emotional basis but on a positive and constructive basis. We are advocating a national development policy.

At the outset I wish to touch on two aspects of this matter to set our approach to this question in perspective. The first relates to the role of government. We consider that the function of government in relation to national development policy is to create a climate favourable to individual enterprise, and it is within the sphere of government or public enterprise in carrying forward its public works, enterprises, projects, expenditures and policies to do so with goals in view such as those stated in the amendment.

The second general observation relates to the constitution of this country. Under our constitution the development of our natural resources falls within the jurisdiction of the provinces, but in the development of those resources there is a fruitful field for co-operation between the dominion and the provincial governments; and then, of course, there is the vast field assigned by the constitution exclusively to the federal authority, namely jurisdiction over trade and commerce of an interprovincial or international character.

The development of our resources, sir, is a subject to stir the imagination of any Canadian. Providence has blessed this country with a vast store of natural resources. In the custody and use of those resources we Canadians must have due regard for the need of conserving them and for the need of replacing wasting resources; and there are important fields in which the federal authority has an opportunity of contributing in a significant measure to the development of our resources. I mention in passing just two great projects which we of Her Majesty's loyal opposition have long advocated against the determination of the government not to have any part of them.

I refer, of course, to the South Saskatchewan irrigation dam against which the Prime Minister and the Liberal party have firmly set their faces notwithstanding what the Minister of Agriculture continues to say on the subject out in the west, and also to the Beechwood project in New Brunswick, which promises great benefits to that part of Canada and which the federal government refused to assist even to the very limited extent of guaranteeing the bonds of the province of New Brunswick issued for the purpose of financing that beneficent project.

We wish to see measures of that kind undertaken by the federal authority, measures that will be of benefit to all parts of Canada. The Leader of the Opposition this afternoon referred to the fact that the post-war increase in purchasing power in Canada has not been evenly distributed, and pointed out that in the maritime provinces purchasing power has not kept pace with individual purchasing power in other parts of this country. There is a need of development of secondary industry in the Atlantic provinces and in the west.

The federal government had a glowing opportunity to carry forward that process of development of secondary industry during the war and in this period of building up our defences during the past six years. That opportunity has been largely thrown away. A valuable opportunity has been lost, an opportunity that would have contributed much to repairing the disadvantage under which geography has placed those parts of the country and thereby could have helped to distribute the benefits as well as the cost of confederation.

There is a fruitful field also for the processing of more of our natural resources within the boundaries of Canada. We as a Conservative party do not regard the development of our resources as the equivalent of the export of those resources in raw form to other countries. Today Canada is exporting heavily from her raw resources and those resources, we need to remind ourselves, are not inexhaustible. In a measure we are depleting our storehouse of resources. We

are not doing it as we might in order to provide opportunities to Canadians in the processing and fabrication of those materials into the finished products in Canada.

The Paley report in the United States had an extremely sobering effect in that country on those who thought that the be-all and end-all was the development of raw resources. That report, in drawing attention to the threatened exhaustion of many of the natural resources in the United States, has a lesson for Canada. It is not only that our resources may be depleted, but that between 1950 and 1975 the United States will need to quadruple its imports of industrial materials. The materials which the United States is going to require in that period and later happen to be largely the kind of resources that we have in Canada. To an increasing degree therefore the United States is going to be obliged to look to Canada as a supplier of raw materials for the great industrial machine of the United States to process.

We are exporting those raw materials to the United States and are buying back from the United States to a considerable degree the same goods in finished form after United States labour has been expended on their manufacture with benefit to United States workmen. Canadian workmen should have the opportunity to do that work.

We should also remind ourselves that the United States tariff is constructed with the idea of not putting any obstacles in the way of the importation of raw materials for fabrication in the United States, but it does aim to exclude either partly or finished manufactured goods. Generally speaking that tariff rises notably as the degree of manufacture increases, and the duty is low or frequently non-existent on raw materials or some of the simply processed items. The duties are very substantial and sometimes extremely high on manufactured goods. The United States tariff structure is a serious barrier in the way of a natural and desirable avenue of Canadian development, that is to increase the extent of processing and fabrication of our own basic resources.

I wish just to throw out a word of caution on this subject before I go further. Let it not be said that what we are advocating is an embargo upon the export of raw materials to the United States. No, that is not what we are advocating. Indeed, the production of some of our extractive industries—nickel is an example—is such that Canada will not be a consumer of very much of the production, and certainly not a total consumer. As nearly as one can see there will always be a vast production of nickel available for export which would not be required in the fabrication of manufactured goods in Canada.

In the second place, we do not propose any repudiation or sudden reversal of policies which will deny to those who have entered into contractual arrangements the rights to which they have thereby become entitled. We are not unmindful of the need at the present time to maintain our volume of exports in the face of the very high excess of imports over exports, but we have to consider as a nation what are our objectives in this regard.

A few months ago there appeared before the Gordon royal commission a very eminent Canadian, Mr. Robert Fowler, who is a well known and distinguished Liberal and who spoke for the pulp and paper industry. He submitted to that royal commission that the role for which Canada by nature and destiny was best suited was, as he put it, to be "a hewer of wood and a drawer of water". In other words, he submitted that Canada's economic role was to carve out of our forests and extract from our soil products which should be then exported to the United States. This is what was advocated by a prominent Liberal whose position is recognized by his having been appointed as chairman of a royal commission. I ask, is this government policy?

Mr. Harris: Of course not; it is his personal opinion.

Mr. Fleming: We should like to have something more in the way of concrete evidence that this is not government policy than simply an offhand remark by the Minister of Finance, who has not chosen to make a speech in the course of this debate. I think it would be a very good thing, now that the Minister of Finance has allowed himself to utter the one sentence he has in this debate, that he should rise and tell us what the government's policy is, because we wish to know. The time for it has come and we do not propose to be put off on this subject any longer.

If you want proof of what can be accomplished in this regard you have only to look at what was accomplished by my leader when he was premier of the province of Ontario by insisting that forest products should be processed in that province instead of being exported in raw form to the United States. The development which has resulted has been remarkable, and is a tribute to his far-sighted policy. There are in Ontario whole communities which owe their existence today, not to mention their prosperity, to the farsighted policies of this kind which he put into effect when he was premier of the province of Ontario.

Let me give another example of commodities in connection with which a good deal could be accomplished, and we have a very recent experience to point to. I refer to aluminum. Canada is a very large producer of aluminum, and much of the aluminum consumed in manufacturing in the United States comes from Canada. Last year there was a serious shortage of aluminum in Canada and the United States, but did the Canadian processors enjoy any benefit from the fact that this is a Canadian product? Did Canadian fabricators and manufacturers have first claim upon the Canadian production of aluminum? No, they did not. They were seriously curtailed. Here is a very apt example of the sort of thing which could be accomplished to the benefit of all Canada if some regard were had for the desirability of fabricating and processing these natural products to a much greater degree in Canada.

I wish to speak on the subject of trade. Our unfavourable trade balance has reached most serious proportions. Indeed, I think it is not too strong to say that it has reached alarming proportions. In 1955 Canada in its trade with the world incurred an over-all trade deficit for the third year in succession. It amounted to $360 million. In 1956 the situation has become more serious still. The daily bulletin of the dominion bureau of statistics of July 6 tells us that Canadian commodity imports in the first five months of this year amounted to $2,359,100,000, up $551,800,000 or 30·5 per cent over last year's figures for the same five months. Canadian exports rose only 11·6 per cent, to $1,874,900,000 from $1,680,000,000 last year. For the five months January to May inclusive, the import balance this year aggregated $484,200,000, as compared with an import balance of just $127,300,000 last year. In other words, in our commodity trading with the world our import balance in the first five months of this year was four times as much as it was in the first five months of 1955.

Those are the figures of our over-all trade with the world. What about our trade with the United States? I have drawn attention to the fact that our commodity trade deficit with the whole world is amounting to $100 million per month. We are buying from the world at the rate of $100 million per month more than we are selling; but what about the United States? Here the situation is much more alarming still.

Last year in our commodity trade with the United States we incurred a deficit of $840 million, a deficit greater than any in our history with the exception of one year, namely the year 1947. It was an increase of 40 per cent over the deficit with the United States in the year 1954. But in the first five months of the year 1956 we are increasing that same deficit with the United States at an alarming rate. Indeed, it is just about double what it was last year for the same period. To an alarming degree we are placing our trading eggs in one basket.

In 1955, continuing a process that was evident in preceding years, Canada drew from the United States 73 per cent of its total imports and only 11·6 per cent from the United Kingdom. Of our exports, 60 per cent went to the United States and only 18 per cent to the United Kingdom. It is evident that we as a country are being drawn more and more into the trading and economic orbit of the United States, and the government seems to be quite indifferent in the face of these facts.

Consider these figures of our trade with the United States for the first five months of this year. In the five months our purchases from the United States amounted to $1,765 million, up 31 per cent from $1,349 million in the first five months of 1955. The result was an import balance for these five months of $625 million as compared with $352,800,000 in 1955. Our excess of purchases from the United States over our sales to the United States is running at the rate of $125 million a month. I think it is time this house and this government took stock of this alarming disproportion in our trade. But when I asked the Minister of Trade and Commerce several months ago what the government proposed to do in the face of this situation, which was then becoming apparent, his answer was a glib "nothing". The government has done nothing about it and apparently continues to do nothing about it.

It is facts like these that have led an eminent Canadian economist, Mr. Douglas Gibson, in delivering his presidential address to the annual meeting of the Canadian political science association a few weeks ago, to say:

> Certainly in the economic sphere the United States constitutes the only real threat to Canadian independence and it will remain our chief economic preoccupation as far ahead as one can see.

Further on he added:

> Even the briefest examination of the facts makes it clear that our ties with the American economy have become closer and more important during the past decade than ever before.

It is an unchallengeable fact, yet the government faces this fact without concern.

Another kind of trade ought to be giving us more concern. We are buying back from the United States processed goods while our exports to her consist largely of raw materials.

The United States is a good neighbour. Let no one misunderstand anything we have to say concerning our trade with the United States. We recognize the burden of leadership that the United States is bearing in the world today. We recognize the burdens that she is carrying for the benefit of all the western world. But Canada's trading relationships with the United States ought to be a matter of very serious concern to every Canadian, as they face us at this time.

We are the best customer the United States has in the world, but we do not always see appreciation of that fact on the part of those who are shaping either administrative or legislative policies at Washington. It is always difficult for other countries who deal with the United States, because of the separation of the administration from the legislative branch of government there.

We Conservatives as a party have supported the principle of GATT on the several occasions when GATT has come before this house in its original form and in the form of later agreements based upon it, but we have not been able to close our eyes to the fact that in recent years, while the United States congress did vest in the administration the powers under which that administration signed the general agreement on tariffs and trade, nevertheless that congress turned around later and enacted legislation that violated not only the spirit of GATT but indeed its letter as well. I refer to the Andresen amendment of several years ago and the succeeding moves on the part of congress to erect barriers against the importation of Canadian dairy products.

We have seen a succession of attempts to raise tariffs and apply quotas and restrictions on the import of Canadian grains into the United States, recent attempts to apply tariffs upon the importation of fish sticks, hardboard and other Canadian products. No one can view the extent to which Canada is being drawn into the trading and economic orbit of the United States without very serious misgivings and a feeling of insecurity. To top it all, we see the United States proceeding to dispose of its farm surplus by putting $2 billion at the disposal of the administration in order that exports of agricultural produce by the United States may be subsidized, creating thereby very unfair competition for the Canadian farmer to face.

Let me just say this in conclusion on this particular subject. We as a party in Her Majesty's loyal opposition have supported GATT. Canada has lived up to her obligations under GATT; but we call upon the United States to do as much. We are not unmindful of the fact that eight years ago the GATT signatories agreed that they would simplify customs procedures. Canada fulfilled her obligations in that respect. However, after eight years much remains to be done by the United States to fulfil her obligations in that regard. We have seen instead quantitative restrictions and other devices, the use of escape clauses and other provisions that GATT contains, to obtain for that country benefits that other signatories to GATT have not obtained for themselves.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. Fleming: Mr. Speaker, the baffling maze of the United States custom administration has been referred to as "the commercial war of nerves against importers". The conclusion from these factors is that under the way the GATT agreements are working out the United States is deriving the advantage.

I come now to the subject of wider financial participation by Canadians in the development of our resources. Canada needs capital, particularly in this period of rapid development. We all must acknowledge the extent to which United States capital has contributed to the development of Canada's resources. What is Canada's investment position at the present time? It has been thus described in the daily bulletin of the dominion bureau of statistics of April 6:

> Canada's gross liabilities to other countries rose to $14,500 million at the end of 1955, including non-resident long-term investments in Canada of $13,200 million, . . . The largest part was direct investment in companies controlled outside Canada, amounting to $7,500 million. In the 10 years since the end of the war these foreign direct investments in Canada increased by $4,800 million and other foreign long-term investments in Canada by $1,300 million.
>
> Canada's gross assets abroad at the end of 1955 totalled 7 billion including $4,800 million of long-term investments. The net balance of Canada's international indebtedness at the end of 1955 reached $7,500 million, having doubled in six years. The new study shows that Canada is an even larger debtor in respect of equity investments.

Sir, we should like to see more opportunity for British investment in this country. About $80 million has come into Canada from the United Kingdom in each of the last two years, but it is hardly to be expected that under present conditions Britain is going to have a great deal of capital to invest in Canada.

What are to be the sources of the capital that Canada needs for the development of her resources? At the present time 80 per cent of the capital comes from Canadian

sources. But as Mr. Gibson points out in his address to which I referred earlier:

> From 1948 to 1955, the book value of foreign investment in Canada has increased from $7½ billions to over $13 billions. Of this increase United States investment in Canada accounts for more than 80 per cent, rising from $5½ billions to over $10 billions. In the last few years total external investment in Canada has been increasing at a rate of close to $1 billion per year and United States investment at a rate of approximately $750 millions, not including any allowance for capital appreciation in excess of book values which may have been considerable in some of the resource industries.

And he says further:

> . . . the Canadian share of ownership and control has been declining in the manufacturing, mining and petroleum industries. American capital has financed a very substantial part of the increase in our industrial capacity.

And again he says this:

> In 1953, the latest year for which detailed figures are available 43 per cent of Canadian manufacturing and 55 per cent of Canadian mining, smelting and petroleum exploration and development were controlled by United States residents. Indicative of the active part which American investment has been playing in the post-war period, the corresponding proportions before the war were approximately 30 per cent and 40 per cent respectively. Moreover, whether controlled in the United States or not, Canadian industry is largely American in equipment, standards and organization, and more so than before the war.

Then as to the type of United States investment, Mr. Gibson points out this:

> It is no accident that the bulk of United States direct investment in Canada is in big companies: In 1953 almost 60 per cent of the investment in American-controlled manufacturing companies in Canada was in companies in each of which $25 millions or more had been invested.

Mr. Speaker, this subject of increasing United States control over Canadian resources and their development is one upon which the Gordon royal commission ought to have been asked to study and report.

I do not intend to repeat what I said on July 3 concerning the need of adjusting our taxation policies in this country in order to provide more capital out of savings of Canadians. That is a need of our fiscal policy, and there is no indication that the government intends to meet it.

Another source that could promise much assistance to us would be a favourable balance on trade and on current account including services and other invisibles. Here our trade position is altogether against us. At the present time our importation of foreign capital is only going to pay for our deficit on commodity trading account. We are not going ahead. We are simply borrowing and importing capital from abroad to pay for our current trade deficit. As the dominion bureau of statistics daily bulletin of July 6 points out:

> . . . the unusually large capital inflows into Canada have served to finance the import balances.

Mr. Speaker, what we need is more capital that will not simply be paid out to finance the deficits on our commodity trading account. Our trade needs to be set in balance. We are living beyond our means in the terms of current account and we are paying by (a) borrowing from abroad and (b) selling part of our patrimony. What we need is more Canadian investment. The advantages of Canadian investment were enumerated by my leader this afternoon and I do not intend to repeat them, but there are some distinguished Canadians who are drawing attention to the same thing.

Mr. Rhys M. Sale, president of Ford Motor Company of Canada Limited, was reported in the press of June 20 as saying:

> . . . growing domination of Canada's extractive industries by foreign capital "troubles him as a Canadian".

On the same day Mr. H. R. MacMillan in British Columbia, as quoted in the press, said this:

> . . . U.S. ownership in Canada includes 98 per cent of auto and parts industries, 75 per cent of rubber industry, 70 per cent of the non-ferrous mining and smelting industries, and 59 per cent of the electrical industry. U.S. interests owned more than half the investments in B.C. forests and wood-consuming mills of all kinds.

And he added this:

> . . . 55 per cent of all dividends and 18 per cent of all corporate interest payable by Canadian companies is paid outside of Canada, and 75 per cent of it goes to the U.S.

Here again fiscal policy could bring assistance and redress. There is a very good statement in this respect by Mr. W. Harold Rea, president of Canadian Oil Companies Limited who, speaking in March, drew attention to this fact:

> When it comes to bidding for oil leases and reservations in Canada, a Canadian suffers a heavy disadvantage compared with an American bidder. Result: The American bidders generally get the Canadian oil acreage.

He also said this:

> Costs of most leases and reservations . . . which prove unproductive cannot be applied against revenue for tax purposes . . . Since these costs are deductible in the U.S. even when incurred in Canada, it follows the U.S. companies can afford to risk more when bidding for Canadian acreage. In other words, we risk and lose 100 cents per dollar on the cost of unproductive acreage. U.S. companies risk only net cost after deducting income tax.

Mr. James Muir, president of the Royal Bank of Canada, has been speaking to the same effect. On January 20 he said:

> We might encourage risk capital in general by doing something about the present tax disadvantage on equity as opposed to bond financing.

And further:

> Second, we might study the advisability of granting the same tax advantages to Canadian firms engaged in resource development as are at present available to American firms under American tax law.

Again, Mr. H. R. MacMillan, as reported in the press of April 24, had this to say:

> Perhaps it would help, if we made some changes in our tax laws, to put Canadians on the same basis as Americans enjoy in Canada and vice versa.

Here, Mr. Speaker, is a fruitful field for government fiscal policy. Attention has been drawn to it by Canadian university presidents and Canadian bank presidents. It is time that Canada—and that means the Canadian government—made known the feelings of Canadians in relation to United States firms owning Canadian subsidiaries and closing them out entirely so there is no possibility of Canadians buying into those Canadian subsidiaries which are engaged in the development of Canadian resources. We do not wish to discourage the investment of United States capital in Canada, but we do wish to preserve the proper degree of ownership and control for Canadians in Canadian resources.

Mr. Speaker, our amendment concludes with provision for a policy that will increase opportunity and employment for Canadians. We see the development of the resources of Canada as the basis for opportunity and extended employment. My leader this afternoon referred to Canada's great resources. We have in Canada all five of the sources of energy, namely coal, oil, gas, hydro-electric and atomic power. We have vast mineral wealth. We have a fertile topsoil over vast stretches of this great country. We produce virtually all foods required for human consumption. This storehouse of resources is a trust not just for us but as well for generations to come. It is our duty to guard it against alienation, depletion, waste and despoiling for some illusory present advantage. It is the source and the hope of wider economic opportunity for Canadians and for more Canadians, more Canadian-born Canadians and more Canadians coming from abroad to join the Canadian family.

The dynamic development of our resources should and must be the key to our immigration policy, and with the development of these resources and an increase in the Canadian population we shall greatly expand the domestic market for Canadian primary producers.

This policy of national development is one born of the invincible confidence of the Conservative party in Canada's future. We are optimists for Canada, but we are realists as well. This great patrimony that a beneficent providence has given to this country is in our hands now. We can be worthy or unworthy custodians of it.

Canada holds a high position in the world, and that position is going to become of increasing importance. With it come increasing obligations, and to discharge those increasing obligations Canada needs to be strong. If Canada is strong, strengthened by the kind of policy we are advocating here today in this amendment, we shall at the same time strengthen this continent, the commonwealth, the free world and the entire cause of freedom. We cannot do that unless Canada enjoys a proper measure of economic independence.

Sir, we are not dogmatic on this subject. We have never said Canada can be self-sufficient, but we say there is a great opportunity here for the application of this policy of national development. I wish to quote this extract from the speech by Mr. Gibson:

> Much as we would at times like to invoke it, British influence on the economic side of our national life is not very great. Thus to maintain a degree of economic independence we have to develop our own economic policies.
>
> This implies that we have economic objectives which can command agreement across our rather diverse country. In my opinion, the fundamental objective on which there seems to be the widest agreement is not economic at all—it is that we in Canada wish to remain an individual and developing national entity and not to become a part or a mere satellite of the United States. If we accept this fundamental conclusion, which I can think most Canadians would, certain economic conclusions appear to follow. The primary one is that the Canadian economy should be an economic reality and not merely a series of tributary areas whose orientation is largely toward adjoining parts of the United States. Political independence in any real sense needs a material basis and would scarcely be practicable in a divided and dependent economy. If Canada is to remain an economic reality, it further follows, as it always has in the past, that Canada must have a national policy of developing east-west communications across her country and east-west lines of trade.

We do not advocate waving any big stick at our friends in the United States, but we do assert that it is not the destiny of Canada to be the trade satellite or the dumping ground of any country in all the world. We think much can be done to shake our United States neighbours out of their complacent attitude toward Canada and toward Canada's economic interests.

The Canadian people are the greatest resource of this country. We wish, sir, to be good neighbours, staunch allies, helpful

friends, unwavering supporters of the free way of life. I close with these words from Mr. Gibson:

> Our choice in practice is rather between having some national economic policies of our own and becoming a divided and ineffectual satellite of the United States.

Then further he says:

> If we wish to retain and strengthen our national identity we must develop more cohesion in our economic life and objectives.

This policy we advocate will help Canada develop that cohesion in our economic life and objectives which is needed. So I say, sir, that the destiny of Canada as a good neighbour, as a staunch ally, as a helpful friend, as the unwavering supporter of the free way of life, will best be served by the policy of national development which was set forth in the amendment of the Leader of the Opposition.

Right Hon. C. D. Howe (Minister of Trade and Commerce): As I listened to the want of confidence motion moved by the Leader of the Opposition it seemed to me he must be speaking of some country other than Canada, although he did mention Canada. What did he say? He said the welfare of the Canadian people requires the adoption now of a national development policy which will develop our national resources for the maximum benefit of all parts of Canada.

May I call his attention to the fact that we started that policy on an exceedingly active scale back in 1940. The progress from 1940 to 1945 was stimulated by the urgency of producing weapons of war. However, let me point out that after 1945 there was no pause in that policy. No country has ever witnessed the national development, the development of our national resources and the increase in processing of those resources in this country to the extent that the people of Canada have witnessed it during the past decade and a half.

We speak of the present unfavourable trade balance; fostering wider participation by Canadians in the development of their resources and promoting greater opportunities of employment for a steadily increasing population. I am going to discuss those matters as we proceed, but I can say that all those things are being attended to and have been attended to over a very considerable period.

First, as the result of a balanced economic growth, financed largely by Canadian savings but assisted materially in certain key industries by foreign capital, know-how and enterprise, Canadians have enjoyed the benefit of prosperity unparalleled in the history of the country. Jobs are more plentiful; incomes are higher and so are living standards. I submit, Mr. Speaker, that the economic policies pursued by the Canadian government, designed to encourage the development of our national resources and our secondary industries, have been sound and eminently successful.

I am sorry that I did not have the advantage of members of the official opposition in knowing what we would be discussing today and therefore I am meeting a prepared speech with a speech I have attempted to put together with scissors, largely from speeches I have made over a period outside this house.

I shall first discuss the trade situation. It is not surprising that this remarkable record of expansion and rising standards of living should be accompanied by equally remarkable levels of foreign trade. Indeed, it is not too much to say that the present economic activity could not be sustained without record exports and record imports. A high level of export demand is essential to the economic health of the Canadian economy. Rising exports have, in fact, been one of the main reasons for the rapid recovery from the mild recession of 1954. On the other hand, larger imports have been equally essential to meet the rising demands of Canadians for consumer and capital goods. The greater the prosperity, the more rapid the expansion, the higher the level of imports. Exports rose by 10 per cent in 1955 above the previous year. In the first five months of this year the increase over 1955 was 12 per cent, and in January, February and May the increase was between 17 per cent and 18 per cent over the same months of 1955.

We are undoubtedly on our way to a new record for exports, both in volume and value, well beyond anything that a year or two ago would have seemed attainable in 1956. As hon. members are aware, wheat exports have contributed substantially to this remarkable showing. After a slow start last fall, demand began to pick up about October or November. Then followed a period of sustained buying unique in my experience as minister of this department. Within the last few months we have seen wheat moving out of all our ports in steady and large volume. Exports of wheat and flour will probably reach, and perhaps exceed, 300 million bushels during the crop year 1955-56, an increase of 50 million bushels over the previous year when exports were at about average or normal levels.

As far as our other main exports are concerned, with a few exceptions we are exporting about as much as is available for export. In most important areas the limiting factor is supply, not demand, a fact which

is responsible for many of the larger expansion projects now under way in Canada. Further increases in exports can therefore be expected to follow upon completion of new capacity for the production and distribution of such items as aluminum, copper, iron ore, petroleum, uranium, pulp and paper and various types of chemicals. Canada is particularly fortunate to be an efficient supplier of those raw and processed materials so much in demand in the neighbouring United States and throughout the world.

There are exceptions, of course, even in a year of such phenomenal over-all results. Exports of lumber, for example, are now running a little below last year's unusually high sales, mainly as a result of the drawing down of defence stocks in the United Kingdom; but, by and large, our export trade is flourishing.

As hon. members are well aware from the comprehensive reports issued by the bureau of statistics, there have been even greater increases in imports. In the current year, to date, imports have been nearly one-third higher than in the same period last year. As I said at the outset of these remarks, these extraordinary imports reflect the extraordinary levels of economic activity now prevailing in Canada. In particular they reflect the unusually rapid pace of development now under way.

Twice a year my department makes a survey of investment intentions of private industry and governments. At the beginning of 1956 this survey indicated a 21 per cent increase in capital expenditures to the highest levels on record. The department is just about to publish its mid-year survey. To my astonishment this survey indicates an upward revision in 1956 plans which now involve outlays 28 per cent above actual outlays in 1955. A major upsurge in imports would seem to be the natural consequence of such a situation. Many of the goods normally produced in Canada are simply not available in sufficient quantities to meet the present level of requirements.

For example, even though Canadian steel mills have been operating at capacity since early in 1955, imports of rolling mill products in recent months have been running at about double the rate of a year ago. As for cement, more than the normal volume of supplies from abroad will be needed this season notwithstanding greatly increased domestic capacity. Apart from this increase in over-all size, the changing composition of this year's investment program is also contributing to larger import totals. Most of the increase in capital outlays this year is for industrial expansion involving extensive purchases of machinery and equipment, much of which can be obtained only from foreign sources.

In consumer goods, some of the sharpest increases are to be found in new types of goods not yet available in quantity from Canadian plants. It is apparent, therefore, that a very large proportion of the increased volume of goods coming into Canada has been necessary to supplement domestic supplies. While imports of goods which compete directly with Canadian products have also increased, this increase has not prevented higher production levels in the domestic industries concerned.

With very few exceptions activity in Canada's secondary manufacturing industries is now running well ahead of the levels prevailing in 1954. These considerations suggest that in the circumstances now prevailing in Canada a rapid rise in imports is not to be deplored. On the contrary, it is highly desirable. In the first place, it helps to speed industrial expansion while market opportunities are still present. Second, it helps to ease the pressure on domestic resources and thereby prevents inflationary tendencies and unhealthy speculative excesses which might benefit individual groups but would react to the disadvantage of the community at large. Even those who are prone to deplore the rising level of imports would, I am sure, be concerned if a prolonged steel strike in the United States were to bring about a reduction of imports at the expense of those great projects which depend upon the availability of structural and other types of steel produced in United States mills.

A much sharper rise in imports than of exports has resulted in a substantially increased deficit in merchandise trade. It is customary for Canada to run a deficit on non-merchandise transactions, and when this is added to the imbalance on trade the resulting deficit on all current account transactions amounted to $345 million for the first quarter of 1956. In other words, Canada's international balance of payments on current transactions is at the moment showing a deficit amounting to about one-quarter of total receipts from abroad.

Balance of payment deficits sometimes occur when countries, in one way or another, attempt to maintain living standards out of line with their productive potentialities. For this reason adverse international balances are often associated in the public mind with financial weakness. In fact, for most countries a current deficit of the same relative magnitude as that now being encountered by Canada would mean serious trouble.

In Canada's present circumstances, however, this deficit is not a reflection of weakness but of strength; it is the direct result of rapid industrial growth and rising living standards which are no more than commensurate with the nation's productive capacities. In fact, as I have indicated, a major portion of current investment is for additions to capacity in export industries. In other words, the very strength of Canada's export prospects is one of the principal reasons for the current import surplus.

Present expansion plans also involve substantial additions for the production of goods now being purchased from abroad. Both these types of expansion will primarily affect trade with the United States. Further increases in the production of forest products, minerals and chemicals will tend to boost our future exports to that country. At the same time the round of expansion now taking place in steel, fuels and various chemicals will replace goods now being purchased from United States suppliers. It is important that the present deficit with the United States be considered in the light of these underlying developments.

The most conclusive evidence of the basic strength of Canada's external position is the fact that despite the large deficit on current account, we are not encountering balance of payment difficulties. The increasing rate at which investment funds are coming into the country gives ample proof of the confidence placed in Canada's position and future prospects. So far this inflow of funds has been sufficient to match the rising deficit on current account, with but an inconsequential decline in official holdings of gold and United States dollars and with continuing firmness in the external value of the Canadian dollar. The Canadian dollar is stronger now than it was for some time in spite of the large trade deficit.

There might be some reason for concern about the present situation if foreign investors were shying away from Canada, if they were worried about Canadian economic or political stability. There might be some reason for concern about the present situation if we were living beyond our means or were building up uneconomic industries. But this is not the situation. Foreign investors all over the world have confidence in Canada. They are confident that this country will continue to be in a position to meet its obligations. They are strengthened in that belief by the evidence that a great deal of the new investment is going into industries which help to increase exports or reduce imports, thus adding to Canadian financial and economic stability for future years.

I am astonished when I listen to criticism of the current trade deficit, which is so essential to our current phase of expansion and development. Perhaps, however, the opposition is really opposed to the development of the country but hesitates to say so, since this point of view would not be popular with the people of Canada. Certainly they would find themselves unpopular with the provincial governments of this country which, without exception, are promoting the development of their respective territories and are encouraging industries from outside the country to establish in Canada.

Mr. Fleming: That wasn't very funny.

Mr. Howe (Port Arthur): I would now like to say something about the processing of raw materials. Most of the complaints we hear about the lack of processing of domestic raw materials in Canada are based on two premises: (1) that by using more of these materials at home we would be providing more jobs for Canadians, and (2) that if we cannot use these resources at home or cannot sell them abroad in processed or fabricated form, we should let them remain in the ground, the forest or the sea, to protect the national heritage of future generations of Canadians.

Let me say right from the start that the Canadian government is just as much interested as the members on the opposite side in seeing that a high level of employment is maintained in our country, and that the national interest is safeguarded for the benefit of the present as well as future generations of Canadians. In fact many of the Canadian government's economic policies are directed to this very end; and I submit, Mr. Speaker, they have been eminently successful, as the post-war record of economic achievement in Canada shows very clearly.

The main point to remember is that in many fields if it were not for our export markets, Canadian production would have to be cut back severely and costs of production would rise materially. In wheat, for example in a good crop year we export up to two thirds of our output. In nickel we export some 99 per cent of our production, in asbestos 96 per cent, in newsprint 93 per cent, in aluminum 87 per cent, and in copper 66 per cent. As to iron ore, we exported last year about 84 per cent of our total domestic production, and this proportion may rise further over the next few years as production is likely to expand at a considerably more rapid rate than domestic consumption.

The point has been made that by keeping raw materials at home, processing them here and then fabricating finished products,

employment will be increased in Canada. Well, I submit, Mr. Speaker, if we were to stop exports of a number of our important industrial materials the opposite would happen. We would have less employment, incomes would fall, and the standard of living of Canadians would drop. Obviously we cannot use some 100 times as much nickel as we are in fact doing, nor 25 times as much asbestos, 14 times as much newsprint, 7½ times as much aluminum, six times as much iron ore, and three times as much copper, as we would have to in order to make use of all these raw materials we are producing. Nor can we eat three times as much bread and cake, which we would have to do to use up all our wheat at home.

Two things could happen if we stopped exports of this or that important raw material: (1) our customers could turn to alternative sources of supply. Don't let us fool ourselves. There are plenty of natural resources available in the world. They may not be as conveniently located as they are in Canada, or they may be in countries with a less stable economic climate and government than we have here in Canada. But if our customers abroad could not get the raw materials and foodstuffs they urgently need and in the form they wanted them from us, I am sure they would develop sources of supply somewhere else, or they might turn to alternative materials that in the end might serve their purposes just as well. (2) Since we could not possibly use all the materials at home, we would have to close some of our mines, mills and factories. People laid off in these industries would spend less, affecting people employed in our fabricating industries and in our service industries. Unemployment would spread and the country would be going down instead of up.

I hardly think even the members on the opposite side of this house would want to see this happen in Canada. But this is what could happen and in my considered opinion would happen if Canadians resorted to artificial measures on a broad scale to interfere with the forces of the market, and in the process disturbed the balanced economic growth which Canada has been undergoing in the more recent period. In the present buoyant state of the Canadian economy the argument that keeping raw materials in this country increases jobs is not only academic, it is also fallacious.

One of the most noteworthy developments in Canada is the high degree of industrialization of our economy. Every fourth person working in our country is now employed in manufacturing industries, and approximately one out of every three dollars of our national income is earned in Canadian industrial plants. No wonder, then, that Canada has become an important importer of industrial raw materials and fuel, including bauxite, cotton, wool, coal and crude oil. Last year, for example, we imported $530 million of industrial materials in raw form. We exported a total of $3·25 billion of industrial materials. But of this amount $2·8 billion represented materials sold abroad in processed form. Only about $425 million went out in raw form. Hence in our trade in raw materials and fuels used by industry, Canada was a net importer of industrial raw materials, to the tune of some $105 million in 1955.

This situation, of course, is not static. We are likely to export more iron ore in the future. But then some of our other industrial materials which are now exported in raw form may be moving into the category of materials processed at home in some form or another; for example, pulpwood, copper, etc. It is well to remember when we complain about exports of our raw materials that we import raw materials to the value of $105 million in excess of the value of the raw materials that we export.

I have heard the question asked, why are we exporting so much iron ore? Why are we not using more at home? Well, hon. members will be interested to hear that out of 5·1 million tons of iron ore used last year by Canada's five largest steel mills, 3·8 million tons were imported. In the midst of Canada's greatest surpluses of iron ore, our steel manufacturers are presently using almost three times as much imported ore as domestic ore.

There are good reasons for this. Steel makers need different types of iron ore for mixing purposes. Some types are not available in Canada or only at much higher prices than they can buy these types of ores, say, in the United States. Why should a Canadian steel company pay higher prices for Canadian iron ore if it can get that iron ore at a lower price somewhere else? Would opposition members recommend that Canadian steel companies be forced to pay more for Canadian ore and thus price themselves out of the market? Does it not make more economic sense to buy the iron ore in the cheapest market to enable the Canadian steel industry to remain competitive? Or in a broader national context, does it not make economic sense for Canada to sell iron ore, crude oil or any other industrial raw material to the United States where this can be done competitively, and to bring in the same or similar materials from the United States where these materials can be bought more

cheaply than Canadian products, which because of added transportation costs might be higher priced?

Incidentally, one of our largest Canadian steel companies has substantial sums of money invested in United States iron ore mines. If Canada stopped the export of iron ore to the United States or made it difficult for such ore to get to the United States, could Canadian importers of iron ore rightly expect any different treatment? May I remind the house that Canada depends quite heavily on imports of industrial materials in both the raw and processed forms from the United States. It is not just iron ore; we also buy from the United States oil, coal, cotton, sulphur, brimstone, phosphate rock, etc.

The United States has traditionally protected Canada's supply of raw materials in times of shortage, and the Canadian government appreciates the co-operative attitude of the United States administration. You will recall how our friends to the south continued to supply Canada with such scarce items as steel during world war II and during the period of rearmament which followed the outbreak of war in Korea, even though that meant cutting down the domestic consumption. Canada did the same with such materials as nickel, copper, aluminum, etc. North America has a good deal to gain from the efficient development of these resources and from a continuously expanding exchange of such materials. Our hope, of course, is that more and more of the materials we supply as our part of the exchange will be processed at home. We have made a good deal of progress in this direction, as I shall elaborate later, and we believe we will continue to make good progress.

The Leader of the Opposition says we are not processing enough of our raw materials in Canada. What does he mean by enough? I have already pointed out that it just does not make economic sense to smelt in Canada every ton of iron ore we are capable of producing, or to refine every barrel of oil that comes out of the ground. If we look at the actual achievements in the growth of our processing industries they are remarkable indeed, and are perhaps the best answer to those who want to give the impression that our processing industries are shrinking violets and are making little progress.

Increased processing of raw materials in Canada is reflected in substantial expansion in the production of a number of our major industries in the post-war period. For example, the value of manufactures of primary iron and steel rose three times over the last decade, reaching a total of half a billion dollars last year. Non-ferrous metal production reached a peak of $1·1 billion dollars in 1955, some three times the value ten years earlier. Pulp and paper production chalked up a record of $1⅓ billion last year, three and one-third times the 1945 value. The chemical industry for the first time in its history joined the billion dollar club of Canadian industries in 1955, more than doubling the value of its 1945 output.

The chemical industry is perhaps an outstanding example of the rapid industrial progress and diversification the Canadian economy has been experiencing in the more recent period. World war II transformed a rather modest industry into a mushrooming giant, one that produced many of the chemicals needed to win the war. After the war's end much of these gains were consolidated, with new chemicals being produced in Canada as accessibility of raw materials and the growth of domestic and foreign markets warranted.

A large number of chemicals have been produced for the first time in Canada since the end of the war, or have been produced by means of new and more efficient processes. They include petrochemicals such as acetone, formaldehyde, acetic acid, acetic anhydride, isobutanol, methanol, normal proponal, pentaerythritol, normal propyl acetate, and propylene glycol. Other products include synthetic resins such as polyethylene, polystyrene and polyesters. Then there is ethylene glycol, used widely for antifreeze. Carbon black is now being produced in Canada, and demand is so heavy that output is being doubled in the near future. Pharmaceutical products produced in Canada for the first time in the post-war period are too numerous to mention, but perhaps an outstanding example is the production of poliomyelitis vaccine by the Connaught laboratories and the University of Montreal. There are too many hard words in that paragraph.

I could go on and tell you similar stories of the achievements and programs of our other major processing industries, but perhaps I have said enough to indicate that there is no lack—and I repeat—no lack of processing of Canadian raw materials in Canada. On the contrary, our processing and advanced manufacturing industries are expanding rapidly. This expansion is well balanced and is accompanied by growth in our resources industries which cater to both Canadian and foreign markets.

As a result of Canada's rapid process of industrialization our country now occupies a position second only to the United States in terms of output per capita of manufacturing industries. I am sure hon. members will be gratified to hear that in relation to our total

labour force employed there are about as many people working in manufacturing industries in Canada as there are in the United States, about 25 per cent in both countries. Approximately 16 per cent are in what is known as fabricating industries or advanced manufacturing industries, that is, motor cars, railway rolling stock, typewriters, etc., and 9 per cent in processing industries, pulp and paper, aluminum, primary iron and steel. The United States proportions are similar, 17 per cent and 8 per cent. Surely if a country with only about one-tenth the population of the United States has achieved a structure of industry that is not too different from that of the world's leading industrialized nation it is something to be proud of.

With your permission, Mr. Speaker, I would now like to put before the house a few key facts about foreign investment in Canada and Canadian investment abroad. I propose to show:

First, that Canadians are financing out of their own savings an increasing proportion of the capital expansion of their country and that, if present trends continue, Canada is likely to become a creditor nation within the next quarter of a century.

Second, that in relation to our growing productive capacity the burden of foreign investment is declining, while Canadian investment abroad is increasing by leaps and bounds.

Third, that Canadian ownership of capital employed in Canadian industry has increased more rapidly than non-residential ownership. The trend in over-all terms is toward the Canadianization of Canadian industry.

I shall conclude with a few observations about the benefits accruing to the Canadian economy from the inflow of foreign capital into Canadian resources and industrial development, and I shall mention some of the difficulties that are being encountered.

The free and unhampered flow of foreign investment into Canada has brought so many benefits to this country that it certainly is entitled to a fair and unbiased hearing from the Canadian people. We do not want such discussion to be carried out in an atmosphere of emotionalism and ignorance, but rather in one in which common sense and good will prevail. I am confident, Mr. Speaker, that after considering the facts Canadians will continue to endorse the policies of this government.

What are the government's policies in the investment field? The principal objectives of our policy are to create an economic climate in which private enterprise thrives and businessmen and capital, whether domestic or foreign, are encouraged to take risks to contribute to the rapid development of our country to the benefit of Canada and all others participating in our development.

We expect foreign investors in Canada to respect our laws as Canadians do. We expect them to show a sense of responsibility in financial, managerial, resources use and trade methods. We expect them to take an interest in the long-term development of their enterprises, to give Canadians opportunities to participate financially and managerially in the growth of these companies and generally to justify the confidence that Canadians have placed in foreign-controlled companies operating in this country by treating them in the same way as they treat their own companies. It will be useful for foreign-controlled companies operating in Canada to remember that they are expected to behave in most matters like Canadian-owned companies do, and that their success or failure must tie in with the ebb and flow of Canadian economic expansion.

Now, what are the facts?

An hon. Member: What have we heard so far?

An hon. Member: A very good speech.

Mr. Howe (Port Arthur): I listened patiently this afternoon to some of the greatest rot I have heard in my life, so please listen to me this evening. Canada has always been dependent on a substantial inflow of capital to develop the country, to expand industry, to build a transportation network and to create the many other facilities which a rapidly expanding economy requires.

In the 89 years since confederation there has been an important change in the pattern of financing Canadian investment. In the nineteenth century the overwhelming proportion of our capital expansion was financed by capital coming from the United Kingdom and the United States. Then during the first two decades of this century the rapid settlement, urbanization and industrialization that took place made it possible for Canadians to accumulate a more significant volume of savings, which found its way into Canadian investment. While statistics of this type are scarce, what information we have suggests that something like two-thirds of Canadian investment was financed by funds from abroad during this period. The years that followed saw a further improvement, and by the late 1920's about one-half of gross capital formation in Canada was financed from Canadian savings, the other half through non-resident financing.

During world war II Canada herself was able to finance almost wholly the capital

expenditures on facilities required to turn out munitions of war, to train the armed forces, and to keep the civilian economy going. After the war's end foreign investors started sending capital to Canada again to participate in our economic expansion. Still about 80 per cent of all of Canada's gross capital formation was financed from Canadian savings and 20 per cent through direct foreign financing in the period 1946 to 1949. In the last five years the inflow of foreign capital has been stepped up, and the ratio of Canadian to foreign financing of gross capital formation has been about three to one.

In fact, however, Canadian savings available for investment were much greater than these figures would suggest. A good portion of these savings were invested abroad. From 1946 to 1949 and for some years before that, and again in 1952, Canada was a net exporter of capital. So if one allows for Canadian investments abroad and the use of foreign resources as a percentage of net capital formation, it turns out that not more than 6 per cent of Canadian investment in the post-war period depended on foreign resources.

To look at foreign investment in Canada in its proper perspective, we must see it in the light of what Canadians are doing abroad. I have noticed that some hon. members on the opposite side have been quoting from a recent publication of the dominion bureau of statistics, "Canada's International Investment Position 1926-1954". I have noticed how careful they have been in not bringing to light any facts or figures which would bring out the positive achievements of Canadians in this field of foreign investment. The reasons are fairly clear, since most of the trends are favourable to the Canadian position. Instead of being proud of that, opposition members prefer to pick on a few figures, and out of context at that, to support their claim that Canadian industry is going to the dogs because of foreign domination.

Mr. Fleming: That is utter rot.

Mr. Howe (Port Arthur): Thank you for that contribution. Before the war Canadians had gross liabilities to other countries of $7·4 billion. Their assets abroad amounted to $1·9 billion. Their net indebtedness amounted to $5·5 billion. In other words, for every dollar Canadians had invested abroad they owed about four to other countries.

By the end of 1955 gross liabilities to other countries had risen to $14·5 billion, amounting to about double what they had been in 1939. Canada's gross external assets had risen to $7 billion, or about four times what they had been in 1939. Currently for every $2 Canadians owe abroad, $1 is due them. If this trend continues I would not be surprised to see Canada in the next quarter of a century move from a position of a debtor to that of a creditor nation. In fact, as I said earlier, in some years we already have been making available to other countries more capital than we have been bringing in. In a way, then, one can say that for some years Canada has already been a creditor nation. But this trend is likely to become even more clearly apparent as our economy gathers strength and savings continue to accumulate in Canada at a rapid rate.

We hear little complaint about foreign investment in Canada other than that directed at investment by United States residents. Now, out of the $14·5 billion of money Canada owes to other countries, about $13·2 billion is foreign capital invested in Canada and the remainder is Canadian dollar holdings of non-residents and short-term assets. Of the latter amount some three-quarters is United States investments.

More detailed figures available for 1954 enable us to compare the long-term investments of Canadians in the United States with those of United States residents in Canada. Hon. members will be interested to learn that at the end of 1954 the average Canadian had invested $121 in the United States, while the average United States investor had invested less than half that amount in Canada, $59. To suggest that the average Canadian investor is a timid soul, as I have heard it said, while the United States investor is bold and venturesome, is not quite supported by the facts, if we consider Canadian and United States investments in each other's countries on a per capita basis.

This is in no way intended to disparage the importance of the large United States stake in Canada, or the enterprise and imagination shown by some of the large United States companies in participating in Canadian resources and industrial development. But the point I would like to make is that for a country as small as Canada with only about one-tenth the population of the United States and one-fifteenth of its national output, Canadians have made substantial investments abroad. The bulk of it is in the United States, but fairly sizeable amounts are also invested in the United Kingdom and other commonwealth countries, Latin America, western Europe, Africa and Asia.

Now, to come to the role of foreign capital in Canada, let us consider for a moment what foundations there are for the scare stories which are being spread by some members of the opposition, which have led the hon. member for Broadview to use the picturesque phrase of Canada becoming an "economic

vassal" of the United States, or the hon. member for Three Rivers to revive the ghost of economic colonialism, which I thought was buried 89 years ago.

Foreign investors have shown preferences for investment in certain sectors of the Canadian economy, particularly oil and natural gas, mining, and certain branches of manufacturing such as motor cars, appliances, electrical and electronic equipment. In these fields in which they have concentrated they have invested large amounts, and in some sectors they frequently own or control the bulk of the assets. But we have to see foreign investment in Canada in its proper perspective, and that is in relation to the growth of capital owned by Canadian residents. The fact of the matter is that Canadian capital has been expanding over the last decade and a half at a rate about twice as great as that of foreign capital in Canada. This is illustrated by the growth of resident-owned capital in selected Canadian industries from $7·4 billion in 1939 to $17·2 billion in 1953, an increase of 132 per cent. During the same period non-resident capital rose from $4·5 billion to $8·3 billion, an increase of 84 per cent.

There is the further point that Canadian business has relied more and more on domestic sources for the capital needed for this expansion. As a result foreign direct investment in Canada has been expanding at a much slower pace than has outlay by private business. Over the period 1939 to 1955, for example, foreign direct investment in Canada more than tripled while outlay by private business increased to nine times the 1939 level.

I have heard it suggested that the growth of foreign investment in Canada is putting unbearable strain on the economy of the country. Those who make this suggestion want to give the impression that our foreign investors are interested in nothing but making a quick profit. The fact is that a large proportion of the Canadian earnings of foreign investors is reinvested in Canadian development. Further, Canada's economy has been growing at such a rapid rate that the role of foreign investment in relation to our productive capacity has diminished and will continue to do so.

You will recall that I mentioned that our gross liabilities to other countries have about doubled between 1939 and 1955. Over this same period our gross national product has risen to four times what it was before the war. Obviously as our productive capacity continues to grow more rapidly than the inflow of foreign capital, the burden of carrying this foreign investment is reduced.

[Mr. Howe (Port Arthur).]

Mr. Lennard: Now I have heard everything.

Mr. Howe (Port Arthur): Did you listen carefully?

Mr. Lennard: I certainly did.

Mr. Howe (Port Arthur): One thing about it, you will keep it to yourself. You will not tell the house about it.

Mr. Lennard: Mr. Speaker, on a question of privilege may I say that when I speak in this house I speak without notes, and nobody writes my speech for me.

Mr. Howe (Port Arthur): There were other matters referred to by the Leader of the Opposition. Reference was made to the growth of research in the country. We have a very good story about the growth of research. Last year we spent over $100 million in research. We appointed a committee to investigate research in Canada and on their findings I think that no one would mention Canada being deficient in research. However, I shall leave that matter for another hon. member of this party to elaborate on.

It has been suggested that we have unlimited fuel resources. That is true. We have hydroelectric power probably in greater proportion in relation to our industry than any other country. We have great resources of coal. We have recently developed great resources of oil and we have built a pipe line to convey that oil to markets. I would point out, however, that with all the development of oil, we have not improved our position as far as imports of oil are concerned. We are importing as much as ever, Canadian production only keeping pace with the increase in consumption of oil. We have recently discovered natural gas, and I am happy to report that as a result of the worst battle I have ever seen in this parliament we have succeeded in beginning the means of distribution of that natural gas to Canadian consumers.

We have a great country in Canada. It has been developing in a way that is marvelled at by other countries in the world. I am happy to find that each year shows a pyramiding of that development. We are not developing at a steady rate; we are developing at an accelerated rate. I really believe that anyone who cares to examine the financial position of this country, its rate of growth and its rate of industrialization will conclude that the government does not need to begin now to adopt a policy for the development of Canada.

Mr. A. J. Brooks (Royal): Mr. Speaker, I am pleased to take part in this debate this evening and to support the resolution introduced this afternoon by my leader, which

advocates a national policy for this country. I listened with great attention to the remarks of the minister and, as he was speaking, the thought occurred to me that his remarks could very well apply to certain limited sections of this Dominion of Canada. However, I am of the opinion that they do not apply to all of Canada. I do not believe that the people in western Canada, for instance, who have not been able to sell their wheat in the last two or three years, would agree with what has been said by him this evening. I am also satisfied that if the people in the eastern provinces of Canada could have heard the remarks made by the minister tonight, very few of them would agree with what has been said.

In speaking tonight I wish to say that my remarks will relate to that particular part of the country from which I come, namely the maritime provinces. By the minister who just took his seat and by other hon. members we have been told—in fact we do not need to be told of this—of the great wealth of resources we have in this dominion. We all realize that fact. There is no other country in the world that is so blessed with resources as is the Dominion of Canada. The minister mentioned the fact that we were selling, for instance, 84 per cent of our iron ore. I do not believe that the future of Canada is going to depend upon the selling of our raw materials to the extent of 84 per cent or, as is the case down in my own province of New Brunswick, our base metals to the extent of 100 per cent. I do not believe that Canada or any other country can be built on such a policy as that.

The minister spoke tonight as though a Canadian policy was something for immediate attention. Policy is something that is devised not for immediate use in a country but for the building of a country in the future. I believe that role would be fulfilled by this policy mentioned in the resolution, if it were carried out. If Canada is blessed with great resources and great assets, we in the maritimes—and I hasten to say this—also have our blessings. We in eastern Canada feel that there is no finer section of Canada in which to live. We depend mostly on primary production, farming, fishing, lumbering and mining.

So far as our farming is concerned, it is well known that our dairy products are surpassed by none in Canada. Our potatoes, one of our great crops, are one of the finest crops, of course, in this Dominion of Canada.

Mr. Harris: And you are getting a good price for them, too.

Mr. Brooks: As I said a moment ago, we in Nova Scotia are not living in the present alone, and I am going to speak of the past as well as the future. Nova Scotia apples have been the finest of those to be found in any section of this Canada of ours. Speaking of our fishing I remember being told some years ago that the north Atlantic fisheries were the finest in the world because of the cold water in which we caught our fish. Our lumber is another of our great assets. The fastest growing lumber to be found anywhere in Canada is found in my own province of New Brunswick.

We also have our mining industry. Up to the present, except for Nova Scotia where they have great coal fields, mining has been very limited. However, I am proud to say that in my province of New Brunswick we have in recent years discovered great fields of basic and other metals. If I were not too modest I should like to mention the people of New Brunswick. A few moments ago the minister spoke about the men who had developed Canada. I want to say this. I believe no people in this dominion have played as great a part in building up this country as have those who have come from the eastern provinces.

Now, having mentioned the assets with which we are blessed, the question might very well be asked, if we have so many blessings in eastern Canada why is it that we are complaining? Well, take our agricultural products, for instance. We want no imports in the maritime provinces today. A few minutes ago the minister said it was a splendid thing for a country to have many imports. I want to point out to him that in the maritime provinces at least, and I believe in the rest of Canada, what we need now is not imports but exports. We want to export our apples, for instance, from the Annapolis valley. We want to have an export market for the fish we produce. We want to export our potatoes. The minister said we were getting a good price for them now. We may be getting a good price for them now, but last fall the farmers were not getting a good price for them. A good many farmers sold them at a very low price, and many other farmers had to destroy their potatoes. That is not the sort of export market we want in this country.

Then, our income in eastern Canada has been about 30 per cent below the national income. It is all very well for the minister to get up in this house and say that everything is fine in Canada, the people are all prosperous. In this country or any other, unless you have a balanced economy from one end of the country to the other there is something wrong with the policies which are inaugurated and being carried out by the

government in power. This is the situation in our country. It is nothing new. Perhaps it is because Canada is a new country and has not had time to get certain matters ironed out. Nevertheless it is a fact that there are very prosperous sections of this dominion under present policies, and then again there are other sections of Canada which are not prosperous.

Another factor besides the fiscal policy of this country which has reacted against the eastern provinces has been that of geography. We are more or less at the end of the line, you might say. Canada is a great country which stretches from the Atlantic to the Pacific. It has been very difficult as a result of the transportation problem for the eastern provinces to sell their goods in central Canada. Before confederation we were the most prosperous section of the country. I am not going to go into history now. As a matter of fact that was many years ago, and I do not think history is of any practical benefit so far as economics is concerned.

For these reasons, Mr. Speaker, the economic policies of this government and previous governments as well as our poor geographical position, the economy of eastern Canada has for a long period of time been in a depressed state. The forces which have caused this condition, as I said, are beyond the control of the different provinces. I have mentioned geography, national policy and the monopolistic competition from other parts of Canada as well as the United States, which have been the chief basic contributing factors. Except for a brief period during the depression when the prairie sections were particularly hard hit, the per capita income of the maritime provinces was the lowest in Canada. It still is the lowest. While our internal situation improved during the war, since the war it has not improved. There is nothing to indicate that our relative position is any better. A more equitable share of the national income is for us a vital matter.

This statement of our position is in line with the views of the royal commission on dominion-provincial relations some few years ago, which were expressed as follows:

> New Brunswick shares with Nova Scotia the unhappy distinction of the longest unfavourable economic history of any Canadian province.

This extract will be found in book II, page 91 of the report. Earlier in the report the commission pointed this out:

> The general effect of national policies has been to accelerate the natural shift of industry and finance, and of concentration of wealth and income, to central Canada.

This quotation is found in book I, page 190. The remedies for such conditions lie primarily with the federal authorities which, under the constitution, have exclusive jurisdiction in all matters of national importance, including such items as tariffs, freight rates, international and interprovincial trade, credit, exchange and monetary policy. These are subject matters of fundamental concern to the primary industries upon which the welfare of the people of the eastern provinces chiefly depends.

Now, Mr. Speaker, speaking of our development policy the Prime Minister gave an address in Edmonton in September of 1955, and he had this to say:

> Canada stands at the threshold of expansion unequalled in our history. We believe that if we can maintain a vigorous and expanding economy, and if we can create the conditions under which Canadians can avail themselves of the great opportunities that this country presents, then none of us need fear for his future or for the future of the nation.

We have no quarrel with that statement. Truly we have great opportunities in this country from the east to the west, but most of the opportunities today are concentrated in central Canada. What is the government doing to promote great expansion in Canada? Well, the Prime Minister in this same address spoke of the St. Lawrence seaway. He had this to say:

> This project seems to illustrate a truth that is too often forgotten—that any contribution to the Canadian economy is a contribution to all of Canada and not just to the area immediately concerned.

There is a question in the eastern provinces as to whether the St. Lawrence seaway does contribute to the economy of all Canada. We will not know until the seaway is built. However, we are not objecting to paying. We are willing to pay our full share of the cost of development of the St. Lawrence seaway. If it will be of benefit to other parts of Canada we are willing to share in the cost of construction for such benefits. But why is the St. Lawrence seaway the only project in which the government is engaged at the present time, outside of the pipe line which the minister mentioned a few minutes ago?

We believe, Mr. Speaker, that all Canada would gain if assistance were given to the development of hydroelectric power on the Saint John river. We feel that we are entitled to this consideration just as much as a United States company is entitled to assistance from this government in building a pipe line in western Canada. We believe that all of Canada would benefit if the Passamaquoddy were developed in New Brunswick, if it is found that it is a feasible development for electric power. We believe that the Chignecto canal would be of benefit to all other parts of Canada, just as the St. Lawrence seaway is, if it also proves to be

practical and feasible. This government has never undertaken to find out whether the Chignecto canal would be practical and should be constructed.

I could mention the South Saskatchewan power and irrigation project. I believe this project would be of great benefit to the people of western Canada. We of the maritime provinces are anxious and willing to do our part in the development of something which will be of benefit to this country. We believe that a policy for the sale of Nova Scotia coal, something which is so necessary to the economy of that great province, would be a great help. We feel that more could be done by policies such as were mentioned by my leader in his amendment this afternoon for the development of coal in Nova Scotia.

I could also mention the Columbia river and other things which are just as important, I believe more so, to the people in that section of the country than would be the St. Lawrence seaway to British Columbia, or to Newfoundland, or even to New Brunswick and Prince Edward Island. It is public investment in the types of projects that I have mentioned that would encourage private investment, domestic and foreign, that we need for our expansion. It is on the firm basis of things like the St. Lawrence seaway, natural gas, electric power, irrigation and reclamation that people build homes, offices and factories. These are the sort of things that keep our people at home; these are the things that bring industries to our country and, through industry, we bring in immigrants and help to build up a country, not in one particular section as is happening in Canada today, but in the east as well as in the west, so we shall have a well-balanced country from one end of Canada to the other.

This only emphasizes that we need a great national development policy which will assist provincial governments to develop projects which can be demonstrated to be both practical and capable of expanding their economy. It is also through such a policy that we can develop potential sources of cheap power across this country. My leader today well said that this government has failed to assist the parts of Canada where the need is the greatest. Any fiscal policy of this country must take into consideration the weaker sections of the dominion. A policy which does not do that is not a national policy.

I could refer to the $45 million Beechwood project on the Saint John river in New Brunswick. If we are not to export all our raw basic metals from the northern part of our province we need 250,000 kilowatts of electric power in and around Bathurst; we need 100,000 kilowatts at Woodstock, where 200 million tons of manganese has been discovered, a metal which is very rare not only in Canada but on this North American continent. We would like to have the power there to process this manganese in our own section of the dominion. It is estimated that in a short time we shall need 420,000 kilowatts. We have not got that, and it will tax our resources to the utmost. I doubt whether the province of New Brunswick, without some financial assistance by way of lending money, can develop its resources. We are not asking for any handout. What we want is a policy under which money can be lent to those provinces which need it to develop electric power in order that we may process the metals and the raw materials we have.

We also have a pulp and paper industry in New Brunswick. It is the greatest industry we have. Today we are exporting a lot of raw pulp from the province of New Brunswick. If we had more electric power in New Brunswick we could build more pulp mills. I understand there is a concern which is going to build a mill in the southern section of the province if sufficient electric power can be obtained. Power is the key to success not only in Ontario and Quebec, but in other parts of this dominion.

We have often spoken of decentralization in the Dominion of Canada. There will never be decentralization of industry in Canada unless assistance is given to those provinces which need assistance so much. I wish to repeat, Mr. Speaker, what we must do to strengthen our economy and to increase employment in the country. What we must do is process far more of our primary products right here in Canada. Despite what the minister says, we in the eastern provinces must process more of our raw materials if we are to have anything like the prosperity which exists in the provinces of Quebec and Ontario.

Today we seem perfectly content to ship most of our vast supplies of natural resources out of the country in their raw state to feed mass producing machines of the United States and other countries. There is no reason why a far larger proportion—I do not say all; no one on this side of the house says that all our materials must be processed here in Canada—of our raw materials should not be processed into finished articles by Canadian workmen in Canadian factories. If United States and German workmen can turn primary products into manufactured articles which find a ready sale in export markets throughout the world, there is no

reason why Canadian workmen cannot do the same thing in Canadian plants.

What is needed is for the federal government to give a lead to industry by sponsoring a greatly expanded industrial research program. The minister mentioned research tonight. There is no question that there is a considerable amount of research being done in Canada, but there is not sufficient being done. More could be done to the great advantage of industry here in Canada by revising our taxation policies to encourage new industries to get started and present industries to expand. We have within our borders everything needed to make Canada into one of the greatest industrial nations of the world. Upon the federal government lies the great responsibility of seeing that we make the most of our great opportunities, and that our industrial progress is as rapid as possible. This, I repeat, is something the federal government must do. The provinces are not in a position to do that either through the fiscal policies of this government or in any other way.

When I spoke here some time ago I quoted from a former premier of the province of New Brunswick. He was speaking before the dominion-provincial conference in Ottawa in 1946, and was dealing with the situation in the maritime provinces at that time. He said:

> Let it be remembered again that the control of all matters national in their scope and which affect most vitally the social and economic well-being of the people in the provinces is now vested in the central government. I have already mentioned the main items. The chronic unbalance in the Canadian economy with the heavy concentration of industrial, commercial and financial power in certain favoured areas, is due to the play of forces under the control of the dominion parliament and government since confederation. That situation is capable of being remedied, and only remedied, through national policy—

—a national policy, Mr. Speaker, such as is outlined in this resolution which was presented this afternoon. We who have read the history of the United States know that after the civil war and until just a few years ago the southern part of the United States was very poor. They exported their raw cotton to the north and out of the country. A few years ago it was decided by the federal government in Washington that they would give assistance in the development of electric power in the southern United States. They set up the great T.V.A., built the Tennessee valley dam, and they built other dams and hydroelectric plants in the southern United States, with the result that today that section of the United States has developed as a great manufacturing part of the country. They also did the same thing in the western United States along the Columbia river. What should be done here is that a similar policy should be adopted for Canada. England has done the same thing in developing certain areas that were not in as good an economic condition as others.

We have been told at different times—and it is something we do not mind being told—that we should do something for ourselves. I do not think there is anyone here who believes that the maritime provinces have shirked either in trying to do something for themselves or for other parts of Canada. If the history of the industrial development of Canada were written I think it would be found that the people of the maritimes have done more than their part in developing the west and north and other sections of this dominion.

As far as helping ourselves is concerned, an organization called the Atlantic provinces economic council was recently formed in the Atlantic provinces. This organization is making great efforts to assist in the development of industry in these provinces. I think I might mention the premier of my own province of New Brunswick, Hon. Hugh John Flemming. He has advocated a policy of expansion under a ten-year program. He wishes to develop hydroelectric power on the Saint John river which will cost approximately $211 million, which is a lot of money for a province such as ours. His intention is that through the development of power he can bring smelters into the province to look after the smelting of the metals that have been discovered there. He wants to have more pulp and paper mills built in the province of New Brunswick. He also wants to bring in other industries from outside, and he knows the only way they can be encouraged to come is through providing cheap power.

The Prime Minister gave us some advice not very long ago. We have had lots of advice from other parts of this country concerning what we should do. Speaking before the labour convention in Toronto a few months ago with reference to the economic development of the Atlantic provinces, the Prime Minister had this to say:

> . . . economic redevelopment of the Atlantic provinces deserves consideration. . . . special measures should perhaps be taken to improve the economy of the Atlantic provinces.

The Prime Minister should not have said special measures "should perhaps be taken" to improve the economy of the Atlantic provinces; I think as prime minister of this country he should have said "special measures must be taken" to improve the economy of the Atlantic provinces. He went on to say:

> This merits and is receiving attention from many of us. However, the initiative and the ideas, the energies and the determination to accomplish

this redevelopment cannot originate in other parts of Canada; they must come from the Atlantic area.

That was looked on as a challenge by the people of the maritime provinces and eastern Canada, and I might say the challenge has been accepted. It has certainly been accepted by the four premiers of the maritime provinces of Nova Scotia, Newfoundland, Prince Edward Island and New Brunswick. They are meeting today in the city of Fredericton, and I can assure the Prime Minister and this government they will come forward with plans and schemes—they will not be altogether new, because they have been recommended time and time again before dominion-provincial conferences—which if put into effect will greatly benefit these provinces in future.

I should like to quote briefly from some of the remarks our premier made at the dominion-provincial conference in 1955. When speaking of the processing of natural resources in my own province, Mr. Flemming said:

> The government of New Brunswick will not stand idly by and allow these natural resources to lie dormant. Your government is determined that our mineral wealth shall not be dug up and carted away from this province to be processed elsewhere.

That should be the policy not only of the province of New Brunswick but as far as possible it should be the policy of the whole of the Dominion of Canada. He continued:

> The aim of the government is to supply the mining companies with power cheap enough to insure the economic processing of our minerals in New Brunswick.

As I said, this same policy could very well be followed for the whole Dominion of Canada. I might also say it is the same policy which was followed by our leader when he was premier of the province of Ontario. It was practised in Ontario at that time, and I am satisfied it will be practised in the Dominion of Canada when the leader of the Conservative party becomes the prime minister of this country. At the royal commission on Canada's economic prospects Mr. Flemming, speaking of the industrial and economic growth of Canada, said:

> As a matter of fact, for nearly one hundred years the relative economic level of this province—

He could have said the same thing for all the eastern provinces.

> —has been steadily declining, as tables in our brief will indicate. Since 1952 there have been signs that this trend may be reversed. Foremost among them has been, of course, the discovery of huge mineral deposits here. But unless we can supply adequate amounts of low-cost electrical energy this great wealth will only be dug up to be carted away and processed elsewhere. New Brunswick will be destined for years to come to remain the hewer of wood and the drawer of water that it has been for years past. But, gentlemen, this province is no longer content to remain one of the weakest links in the confederation. If need be, we will fight for our place in the economic sun.

He went on to say:

> Whenever they have been called on in the past, our citizens have been more than prepared to accept the sacrifices and responsibilities of Canadian citizenship. The time has come when they must be accorded all the rights and privileges of such citizenship. We cannot accept anything less than this.

Mr. Speaker, I see that my time is about up. I am satisfied that if the principles set out in this resolution now before us are adopted and become the policy of Canada, the future of this country is assured, not only that of certain favoured sections; because when the minister was speaking tonight we who come from other sections could not take any other idea from his remarks than that he was speaking for certain favoured sections of the Dominion of Canada. He was not speaking for the whole dominion. If we are to be the great nation that we should be and that we are destined to be we must have a policy which will look after the interests, the rights and the development of the provinces in the east and in the west, and also the rights and further development of the provinces in central Canada.

I have nothing further to say. I am 100 per cent in favour of this resolution which has been brought forward. I believe that if it is adopted and carried out by any government in this country it will react greatly to the benefit and the development of our country in the future.

Mr. Elmore Philpott (Vancouver South): Mr. Speaker, I listened most carefully this afternoon to that hour-long speech by the Leader of the Opposition. I think for 50 minutes of his speech I wondered how he could ever come down to any point of criticism of the government, because in that 50 minutes practically everything he said was at least by implication eulogistic of the government which was responsible for the very prosperous conditions in Canada to which he was referring. Therefore I make it quite clear at the outset that I have certainly no quarrel to pick with at least nine-tenths of the speech made this afternoon by the Leader of the Opposition, nor for that matter with the speakers from other parties on that side.

However, I must say that I was a little surprised when the Leader of the Opposition got down to his actual motion of want of confidence in the government and itemized the particular reasons why he thought that motion should be adopted. As I see it the two most important points he made were first

that Canada had a huge adverse balance of trade with the United States approaching $1,000 million last year, and second that Canada was not developing her own natural resources sufficiently in this country, that we were simply hewers of wood and drawers of water for the United States, that we were exporting too much of our raw materials and that the United States was getting the benefit.

I must confess that when I thought over his argument about the heavy adverse balance of trade with the United States, running to several hundred millions of dollars a year, I was really astounded at everything that has happened in this house this year; because most of the time of this house, and certainly most of the energy and most of the speeches of the Conservative opposition, have been devoted to trying to obstruct, to trying to prevent the one great change that has been made in the Canadian economy in recent years which would help to correct the heaviest item in our adverse balance of trade with the United States.

What were the Tories—excuse me; I understand that the Tories do not like that word any more—the Conservatives trying to do when they were trying to block the natural gas pipe line? Certainly they were lining up with John L. Lewis and the Pennsylvania coal barons on the side of Pennsylvania coal against Alberta natural gas. Surely if we are sincere about wanting to cut down our heavy adverse balance of trade with the United States one of the items we should look to is the importation of United States coal, in view of the fact that we have been importing up to $148 million worth of United States coal per year in more recent years. I should have thought that if the Leader of the Opposition really meant what he said about wanting to reduce this adverse balance of trade he would have been the foremost advocate in this chamber of the natural gas pipe line, which was going to reduce United States coal imports and give to the gas now wasted in Alberta the market of central Canada which now goes to south of the border.

When I heard the Leader of the Opposition bemoaning the heavy influx of United States capital it made me think of my boyhood in Hamilton. I see the hon. member for Hamilton West (Mrs. Fairclough) is present. I grew up in her constituency and I got some of my early political education in a hall which I imagine she will remember, a die-hard Tory hall called the Twentieth club on Locke street. The first election I remember —I realize that this will date me—is the election of 1911 when some of my good friends won the election with the cry, "No truck nor trade with the Yankees".

Mrs. Fairclough: That was before my time.

Mr. Philpott: Of course it was long before the time of the hon. member for Hamilton West but not before my time, because I have a good long memory about some of these old Tory tricks. I see that some of the really old Tory tricks which were played in 1911 are being tried out again, if you please, in this year of our Lord 1956. I have no doubt that two years hence when we have a federal election the main election issue, if the Conservatives get their chance, will not be "No truck nor trade with the Yankees" but certainly they will call it, "Send them Yankee dollars home". Already they are bringing forth that issue for the next election.

I think before we send them Yankee dollars home, before we fasten on any such loose catch phrase or slogan for the election which we will get about August, 1958, we should take a good long look at the wisdom of this sort of thinking. I wonder if my hon. friends have read an admirable volume published by the dominion bureau of statistics. I hope my hon. friends will note that I put on "dominion", something which they discussed the other day. This is 100 pages for a dollar which is enough to warm the heart of any Scotsman in the country, because it is the best one dollar's worth of reading matter that any politician who hopes to fight an election issue on "send them Yankee dollars home" is likely to read.

This deals with Canada's international investment position in the years 1926 to 1954. I am not going to go into the whole 100 pages of statistics, because my own idea of statistics is something like that of the first minister of finance I can remember operating in this chamber, which was a long while ago; the grand old miller by the name of J. M. Robb. He used to say, "There are three kinds of lies; lies, damn lies and statistics." So I am not going into the whole 100 pages of statistics. However, as I read these statistics of the changes in Canada's investment position in the international world from 1926 to 1954, I note that there was a great increase in United States investment in the last few years. But why did we have the so-called great adverse balance of payments over the years? We had the great adverse balance over the years—and it is made very clear in this book as well as in all other authoritative publications—for the simple reason that the Americans were pouring in the tools for capital investment; they were pouring in the tools for the development of this country.

I for one would not say that it is always unwise to kill the goose that lays the golden egg, but I would submit to this country that before we should get ready to plunge into an election on the issue of "send those United States dollars home" we should take a close look at how we got all those United States dollars over the past few years. This vast sum of money that has come into this country has come into Canada for the development of Canada, and I submit that it would be possible to scare off United States investors. Of course we would not need to have the Leader of the Opposition parading around with a stick and a cardboard placard reading, as in Iceland, "Yankee, Go Home". All we would need is the suggestion that United States dollars were not welcomed in Canada any more, and you would not need to pass any laws to get the Americans to keep their investment dollars at home. The Americans would look after that for themselves.

Mr. Fleming: How silly can you be?

Mr. Philpott: Mr. Speaker, if you are in earnest about wanting to know the net change in Canada's investment position, and if you refer to page 14 of this official publication I mentioned, "Canada's International Investment Position, 1926-1954," you will read this:

> Taking the period from 1926 to 1954 as a whole, Canada's external liabilities have risen by somewhat under 3 per cent per annum, in contrast to a growth of over 6 per cent on the assets side. The over-all increase in net indebtedness from $5·1 billion to $6·7 billion is equivalent to an annual rate of less than 1 per cent. Considering the great expansion of productive capacity and the changes in price levels which have occurred in the past quarter of a century, it will be apparent that the relative burden of Canada's debtor position has been greatly decreased.

So if our friends in the Conservative opposition are really looking for an issue on the question of Canada's indebtedness to the United States, I think they had better take a second look at the facts. The plain facts are that Canada's net credit and debit position has been greatly improved during the whole 21-year period of the lifetime of this government, but more particularly in the past five or six years.

Now I want to spend just a few minutes on that other argument which we hear, and I am sorry to say I thought we heard a little of it this afternoon from my old friend the hon. member for Rosetown-Biggar; that is the suggestion that Canada is not developing enough of her own raw resources. As I see such a solid phalanx and such a 100 per cent representation of C.C.F. Saskatchewan wheat farmers opposite me tonight, I should like to know whether there is a single Saskatchewan C.C.F. wheat farmer who would cut off the export of Canada's wheat, provided we could not develop that wheat to the point of flour before we could sell it. I submit that it is absolute nonsense to talk about 100 per cent development of all our natural resources before the people agree to export it.

Mr. Brooks: Nobody suggested that.

Mr. Philpott: You have to use your common sense about export. I submit that of all the countries in the world that should never be so foolish as to cut off its own nose to spite its face, and put an embargo on exports on raw materials, that country is our Dominion of Canada.

I think of my own province of British Columbia. I am glad to see my neighbour and good friend the hon. member for Vancouver-Quadra there, and I ask him and any other member in this house where British Columbia would be if we cut off the export of our raw materials. Where would the town of Kitimat be if we were so foolish as to talk economic nationalism and say we would not export or import raw materials? Where would our country's aluminum industry be if we did not bring in the bauxite from the West Indies and other countries thousands of miles from our own shores? I submit that what is sauce for the goose is sauce for the gander. As you say Canada should not export any raw materials, then other countries should not export raw materials either; and God help us if other countries should ever adopt that foolish policy.

On motion of Mr. Philpott the debate was adjourned.

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

Question

ANSWER TO QUESTION

The following answer, deposited with the Clerk of the house, is printed in the official report of debates pursuant to standing order 39:

WHEAT STORAGE STATISTICS

Question No. 544—**Mr. Diefenbaker:**

How many bushels of wheat of all grades was in storage in Canada on (a) June 30, 1954; (b) June 30, 1955; (c) June 30, 1956?

Answer by: **Mr. Dickey, Parliamentary Assistant, for the Minister of Trade and Commerce:**

The number of bushels of wheat of all grades, including Durum wheat, in storage in licensed elevators in Canada and in transit in great lakes vessels, and in railway cars on: (a) June 30, 1954, 349,007,133; (b) June 29, 1955, 348,488,948; (c) June 27, 1956, 335,100,213.

APPENDIX

STATEMENT ON
MEETING OF COMMONWEALTH PRIME MINISTERS

During the past ten days commonwealth prime ministers have together reviewed the current state of international affairs. Their discussions have again revealed a sense of common purpose in their approach to the major problems of the day. The peoples of the commonwealth all share the common heritage of parliamentary democracy. They respect aspirations for freedom and self-government, and they take pride in what they themselves have done in helping to fulfil those aspirations.

This meeting has been held at a significant stage in the development of international relations. A new element has been introduced by the growing recognition of the devastating power of thermonuclear weapons. Other developments of importance have taken place in the world, including changes in the Soviet union. The common understanding which the prime ministers have reached in their review will form a valuable background which will assist each government in the formulation and pursuit of its national policies.

Despite the high hopes with which the world emerged from the last war, new international tensions developed. These have given rise to increasing fears and suspicion. They have resulted in vast expenditures on armaments and economic distortions which have delayed the full development of the world's natural resources for the common good.

The governments and peoples of the commonwealth are united in their desire for peace. They seek friendly relations with all the peoples of the world and have no aggressive intent or design. War would bring disaster for many; world war could mean destruction for all. The policies of all commonwealth countries will at all times be devoted to preserving and consolidating world peace. The prime ministers emphasised the importance they attach to the search for a comprehensive disarmament agreement.

The commonwealth governments will strive for a progressive improvement in the standards of life of their own peoples and will assist in similar efforts in other parts of the world. Since the end of the war, in addition to furthering their own economic development, they have done much to assist the development of other countries, through the United Nations and such organizations as the Colombo plan, the commission for technical co-operation in Africa south of the Sahara and by other means. They will continue in their efforts to secure prosperity as well as peace for all the peoples of the world.

In the course of the meeting the prime ministers reviewed the significant developments in the Soviet union in the context of international relations and world affairs. In this assessment they were helped by the reports made by those ministers who have recently visited the Soviet union or have held elsewhere personal discussions with the new Soviet leaders. The prime ministers considered the recent decisions of the Soviet government to reduce the numbers of their armed forces, their willingness to facilitate increased contacts between the Soviet union and other countries, and their expressed desire for improved relations with other governments. They welcomed these developments. A progressive improvement in the relations between the Soviet union and the other great powers would help to remove the fear of war and serve the interests of world peace. They believe, however, that the removal of the causes of tension and the creation of mutual confidence and goodwill are essential if peace is to rest on secure foundations. The governments of the commonwealth countries will persevere in the search for just and lasting settlements of outstanding international problems. Unless such settlements can be reached, resources which might otherwise be used to improve the lot of man will continue to be devoted to armaments; and the fears which impel the peoples of the world to accept the burdens of defence will continue to distract and weaken mankind.

The prime ministers noted with regret that, since their last meeting, no progress had been made towards German unity. They were informed of current proposals regarding the political and economic activities of the north Atlantic alliance and the development of closer economic co-operation in Europe.

The prime ministers considered the situation in the Middle East. They reaffirmed their interest in the peace and stability of this area. They welcomed the efforts of the Secretary General of the United Nations to ensure observance of the terms of the armistice agreements between Israel and the neighbouring Arab states. They agreed that all practicable steps should be urgently taken to consolidate the progress thus made and to seek a lasting settlement of this dispute.

The prime ministers were informed of the situation in Cyprus, and welcomed the unceasing efforts of the United Kingdom government to find a solution acceptable to all concerned.

The prime ministers reviewed the situation in the Far East and southeast Asia. They noted the part which was being played by certain commonwealth governments in seeking to maintain peace in Indo-China. They looked forward to a continuing relaxation of tension in the Formosa area, and expressed the hope that unremitting efforts would be made to this end. Peaceful settlements of the problems in this area are imperative for stability in the Far East and for removing the dangers of conflict which would frustrate the hopes of peace. The prime ministers heard with interest a report from the Prime Minister of New Zealand on his recent visit to Japan. They were informed of the progress of constitutional advance in Malaya and of the negotiations on constitutional development in Singapore.

The prime ministers noted with satisfaction that Ceylon and certain other countries had recently been admitted to the United Nations. They recognized the important part which members of the commonwealth had played in securing this extension of the organization. They expressed the hope that its membership could be broadened still further so that it might command a wider allegiance throughout the world.

The prime ministers agreed that it was of first importance for their countries to maintain and increase their economic strength. Each country, through sound internal economic policies and steady development of its resources and earning power, could help to strengthen the commonwealth and the sterling area, and move steadily towards the agreed objective of the widest practicable system of trade and payments. The prime ministers noted with satisfaction the United Kingdom's determination to maintain and improve its capacity to serve as a source of capital for development in commonwealth countries. They received reports on the development program of certain members of the commonwealth.

The prime ministers exchanged views on the development of nuclear energy for peaceful purposes. They agreed that the civil use of nuclear energy constituted a valuable new sphere of co-operation within the commonwealth, as well as with other countries, and they noted with satisfaction the progress already made in this field. The commonwealth countries are already a major source of world supplies of uranium and thorium, and their resources in these materials are increasing. In most of these countries research organizations have been established to develop the use of nuclear energy as a source of power.

During the course of the meeting, the Prime Minister of Ceylon stated that, in accordance with their declared policy, the Ceylon government proposed to introduce in due course a republican constitution for Ceylon. He also stated that it was their intention that Ceylon should continue to be a member of the commonwealth. The other prime ministers took note of this statement, and expressed their agreement to Ceylon's remaining a member of the commonwealth.

The prime ministers considered the particular position of the Federation of Rhodesia and Nyasaland in relation to meetings of commonwealth prime ministers. Taking into account the 20 years' attendance first by the Prime Minister of Southern Rhodesia and now by the Prime Minister of the Federation of Rhodesia and Nyasaland, they agreed that they would welcome the continued participation of the Prime Minister of the Federation of Rhodesia and Nyasaland in meetings of commonwealth prime ministers.

Apart from the consideration of matters which are of common concern to all commonwealth countries, these meetings also afford opportunities for discussions outside the formal sessions. Advantage has been taken of these opportunities on this occasion. The continuing exchange of views on matters of common concern is an important element in the relationship between the member countries of the commonwealth. It is of the utmost value that this should be supplemented at intervals by personal contacts between the political leaders of the commonwealth countries, and in a rapidly changing world the need for these direct consultations has assumed a new importance.

LONDON,

6th July, 1956.

HOUSE OF COMMONS

Tuesday, July 10, 1956

The house met at 2.30 p.m.

CANADIAN BROADCASTING CORPORATION

TABLING OF CAPITAL BUDGET

Hon. J. J. McCann (Minister of National Revenue): Mr. Speaker, I wish to table the capital budget of the Canadian Broadcasting Corporation for the financial year ending March 31, 1957.

[*Later:*]

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, may I ask the Minister of National Revenue if copies of the capital budget of the C.B.C. which he tabled earlier this afternoon are available for general distribution among members? If not, and if the document is not too long, could it be printed as an appendix to *Hansard*?

Mr. McCann: Mr. Speaker, there has only been one copy of the budget tabled. It will not be a very difficult task to have mimeographed copies made of it, and they will be made available to those who are interested. I may say we expect to have copies of the annual report mimeographed by the time we come to a discussion of the estimates of the C.B.C.

LABOUR CONDITIONS

NEWFOUNDLAND—STATEMENT ON OVERTIME AND WAGE RATES ON FEDERAL WORKS AT LA SCIE

On the orders of the day:

Hon. Milton F. Gregg (Minister of Labour): On June 19 the hon. member for Comox-Alberni asked me several questions referring to overtime and wage rates on federal works at La Scie, Newfoundland. At that time I stated that our Newfoundland officer had been instructed to investigate the complaint and make a report.

The first complaint was that the companies concerned were working their employees in excess of the authorized hours. The second complaint was that they were paying local workers less than mainland workers for the same work; and third, our representative was asked to investigate and determine whether the companies should be required to pay penalty overtime rates for hours worked in excess of the statutory hours.

Our officer has now reported in the negative on the first two complaints, and on the third that he was making an effort to effect an understanding with the company on the question of overtime payments.

EXTERNAL AFFAIRS

VIET NAM—EFFECT OF REPORTED AGREEMENT BETWEEN RUSSIA AND CAMBODIA

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): May I ask the Secretary of State for External Affairs if the agreement reported in the press between Cambodia and Soviet Russia is likely to have any effect on the political situation in Viet Nam or other parts of French Indo-China?

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, I am not aware of the terms of any such agreement as has been reported in the press, and I have asked for a report on this matter from our commissioner in Cambodia. I prefer to wait until I get that report before I attempt to answer the hon. gentleman's question.

DANGERS TO FREE COUNTRIES OF ACCEPTING AID FROM RUSSIA

On the orders of the day:

Mr. Solon E. Low (Peace River): Mr. Speaker, I have a question for the Prime Minister. I note in this morning's press that Vice President Nixon of the United States has issued a warning to the neutral free countries of the world against accepting any economic or military aid from Russia. Does the Prime Minister consider the time has come for a warning from this government to those countries which are being offered Russian aid; that is, a warning as to the dangers of accepting these offers?

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I would hesitate to suggest that the Canadian government issue any warning against the acceptance of aid by less developed countries though, of course, there may be some dangers involved in doing so. But I think the fact that there would be assistance to underdeveloped countries is a meritorious fact in itself. I do not think we would put ourselves in the position where we

might appear to be saying you should get the aid and if you refuse to take it from the countries behind the iron curtain we shall see that you get it from other sources. We are not in a position to do that. There has been a lot of propaganda about proffered aid, and I think it has gone beyond the actual benefits that those who seem to have been offered aid would receive from such offers.

It is very difficult to attempt to intervene in the domestic affairs of other countries. Of course a country like the United States may be in a position to say, "If you do not take aid from Russia we shall see that you get it from us", but we are not in a position to make any such broad statement.

CEYLON—EFFECT ON COLOMBO PLAN OF SURRENDER OF BRITISH BASES

On the orders of the day:

Mr. Solon E. Low (Peace River): I have a supplementary question for the Prime Minister, Mr. Speaker. Will the present action of Britain in surrendering her bases in Ceylon affect in any way the assistance that is being granted to Ceylon under the Colombo plan?

Right Hon. L. S. St. Laurent (Prime Minister): No, Mr. Speaker. We have endeavoured to have what is done under the Colombo plan done on its merits without any strings attached to it, and to avoid any suggestion whatsoever that it was meant to obtain any political influence over the affairs of the recipients.

ATTENDANCE BY RUSSIAN OBSERVERS AT U.S. AND CANADIAN AIR SHOWS

On the orders of the day:

Mr. Thomas M. Bell (Saint John-Albert): Mr. Speaker, may I direct a question to the Secretary of State for External Affairs. Is the minister or his department considering in any way the recent application by the Russians to attend air shows in Canada or the United States in the next month or two?

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, if an application is made for a visa for such a visit it will undoubtedly be considered by the department. I have no knowledge myself of such an application having been made but I shall be glad to look into the matter.

Mr. Bell: Mr. Speaker, I should like to ask a supplementary question. If such an application is being made, and it appears that way from the United States press, will the minister look into the possibility of a polar trip by the Russians and the resulting danger to our secret northland defences?

[Mr. St. Laurent (Quebec East).]

Mr. Pearson: I am sure, Mr. Speaker, that any such visit will not be prejudicial to the security arrangements we have in the north.

INQUIRY FOR RETURN

LOW LEVEL BRIDGE, BURLINGTON, ONT.

On the orders of the day:

Mr. F. E. Lennard (Wentworth): I should like to direct a question to the Minister of Public Works. When will motion No. 80 standing in my name, and made an order for return on May 21, be tabled? It has to do with the written agreement in connection with the low level bridge over Burlington channel.

Hon. Robert H. Winters (Minister of Public Works): There is no written agreement, as I indicated previously in the house, but I shall endeavour to table a nil return at the earliest possible date.

LABOUR CONDITIONS

VETERANS HOSPITALS—REQUEST FOR FIVE-DAY 40 HOUR WEEK

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Veterans Affairs. My question relates to the representations of the Department of Veterans Affairs employees national association about which he was asked a question by the Leader of the Opposition yesterday.

Can the minister say if it is correct that these representations were received last October or November? If so, is it still true that they have not yet been considered by the cabinet, as the minister stated yesterday?

Hon. Hugues Lapointe (Minister of Veterans Affairs): As I stated yesterday, Mr. Speaker, the officers of the association met with the Minister of Finance and myself during the course of last fall and made their representations at that time. Since that time consideration was given to these representations and in fact the 40-hour week was granted in two of the establishments, the Colonel Belcher hospital in Calgary and Camp Hill hospital in Halifax. Following the survey made by the civil service commission of the situation in civilian hospitals in those localities it was found that the general pattern was to have a 40-hour week. In the other localities where D.V.A. institutions exist and where the survey did not reveal that the pattern in other hospitals was to have a 40-hour week the matter was postponed, but it is being looked into again at the present time.

Mr. J. Wilfrid Dufresne (Quebec West): I should like to direct a supplementary question to the Minister of Veterans Affairs following the questions asked by the hon. member for Winnipeg North Centre. The minister said consideration was given to the 40-hour week in some localities other than where it exists now. Does he mean to suggest that consideration was given by the cabinet or by the officials of his department?

Mr. Lapointe: I explained, Mr. Speaker, that the process which is followed is that a survey is made by the civil service commission. They in turn report to treasury board on the result of their survey, and treasury board informs the cabinet of the situation. That is what is being done at the present time.

POST OFFICE DEPARTMENT

KITCHENER, ONT.—INSIGNIA ON MAIL TRUCKS

On the orders of the day:

Mr. W. M. Hamilton (Notre Dame de Grace): Mr. Speaker, I have a question for the Postmaster General. Is the minister aware that most of the trucks contracted to his department in Kitchener bear the words "Canada Post Office" and lack the royal cipher?

Hon. Hugues Lapointe (Postmaster General): Mr. Speaker, I am not aware of that. Evidently I do not have the same sources of information as the hon. member for Notre Dame de Grace, but I will inquire into it.

An hon. Member: You should look into the trucks, too.

Mr. Lapointe: I do know, Mr. Speaker, it is usually one of the clauses of the contracts we enter into with the contractors that the royal cipher appear on the trucks that are used for the conveyance of mail.

Mr. Hamilton (Notre Dame de Grace): Mr. Speaker, as a supplementary question may I ask the minister whether, after he has examined the newspaper clipping which I will send him with the photograph, he will take steps to see that this improper marking and wording is immediately corrected?

Mr. Lapointe: Mr. Speaker, I shall have to see the report first and inquire.

Mr. Sinclair: What is wrong with the word "Canada"?

POWER

PASSAMAQUODDY PROJECT—INQUIRY AS TO PROGRESS OF DEVELOPMENT SURVEY

On the orders of the day:

Mr. A. W. Stuart (Charlotte): Mr. Speaker, I should like to direct a question to the Secretary of State for External Affairs. Has he any further report to make with regard to the progress being made in connection with the Passamaquoddy development project survey?

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, I think I said on June 1 that a reference would be made on this important matter to the international joint commission as soon as the terms of the reference could be agreed on between the two governments; I refer to the United States government and the Canadian government. Exchanges of correspondence have been going on and discussions have been held with the United States government so that we can reach agreement on the terms of reference. It is obviously extremely important that there should be agreement on such terms before the investigation begins. That process is now almost completed, and I hope the terms of reference can be submitted to the commission within the next very few weeks.

SUPPLY

The house resumed, from Monday, July 9, consideration of the motion of Mr. Harris for committee of supply, and the amendment thereto of Mr. Drew.

MOTION FOR ADOPTION OF NATURAL RESOURCE DEVELOPMENT POLICY

Mr. Elmore Philpott (Vancouver South): Mr. Speaker, when we adjourned last night at ten o'clock I was trying to show the relation between these Yankee dollars and Canadian jobs. I am not going to keep the house too long today, because I do not want to hold up this session too long; I am very anxious to get back to Vancouver. I am particularly anxious to get back to Vancouver because since I finished the first half of my speech last night and today when I am beginning the second half, I have had news of my second new granddaughter since Easter. I would remind hon. gentlemen of the good old British Columbia custom that whereas fathers must give out cigars when sons or daughters appear, grandfathers always receive cigars from all quarters of the house.

I want to refer particularly to one section of the speech of the Leader of the Opposition when, as reported at page 5780 of *Hansard*, he said:

> We all share the satisfaction in the growth and development that has already taken place. But this is only a promise of what can happen. Government policies should encourage the development of our own resources, should promote the processing of those resources in Canada, should correct our unfavourable trade balance, should assure the participation by Canadians in the development and processing of our resources, and should assure

opportunity and employment for all Canadians from the Atlantic to the Pacific wherever they may live.

As I listened to the hon. members of the Conservative opposition yesterday developing their case, it seemed to me that I heard echoes of old, unhappy, far-off things and battles of long ago, because there was the distinct echo of 1911 in this approach. I am not suggesting, Mr. Speaker, that there would be now anything as blatant as the slogan which won the election of 1911, namely "No truck nor trade with the Yankees". However, I am submitting that the Conservative opposition are on a slippery slope now, and that they could easily continue down the decline until they got themselves in a position even more dangerous for this country than that of advocating "No truck nor trade with the Yankees" as they did so successfully in 1911.

What I want to show, Mr. Speaker, is that there is a very real connection between these Yankee dollars which some of my hon. friends in the Conservative opposition would keep away from Canada, and Canadian jobs. I do not know whether they would chase out the dollars which are already invested here in the factories, in the pipe lines and in all the other things that go to make up the prosperity of Canada, or whether they would confine themselves to keeping out new investments in Canada; but I want to submit that Yankee dollars invested in Canada mean good jobs for the Canadian people. God help this country if we are ever foolish enough to turn away those Yankee dollars simply to make a convenient election slogan for a desperate party, or for politicians who have not thought things through.

Last night I referred to a very admirable volume, "Canada's International Investment Position, 1926-1954", and I submitted that it is a bargain at $1 from the queen's printer. On page 44 of that volume we get an exact breakdown of all the different industries in Canada, exactly what percentages United States-owned companies obtain in the Canadian market and exactly what percentage of employment is given to Canadians by that United States investment. Working from the bottom upward, I shall read the statistics on page 44:

	Per cent
Printing, publishing, and allied industries ..	1
Clothing (textiles and furs)	2
Wood products	6
Primary iron and steel	7
Bakery products and confectionery	10
Beverages	12
Iron and steel products n.o.p.	14
Textile products (except clothing)	14
Food industries, tobacco and tobacco products and leather products, n.o.p. ..	14
Castings, iron	15
Dairy products	16
Non-metallic mineral products and products of petroleum and coke, n.o.p.	18
Aircraft and parts, railway rolling stock, and transportation equipment, n.o.p. ..	19
Agricultural implements	20
Miscellaneous manufactures	20
Hardware, tools and cutlery	23
Canning and processing	24
Toilet preparations	27
Brass and copper products	27
Paper products n.o.p.	29
Heating and cooking apparatus	29
Grain mill products	29
Machinery, industrial and machine tools ..	32
Chemicals and allied products n.o.p.	36
Pulp and paper	39
Sheet metal products	39
Medicinal and pharmaceutical preparations	41
Soaps, washing compounds and cleaning preparations	45
Paints, varnishes and lacquers	45
Electrical apparatus and supplies	50
Non-ferrous metal products n.o.p.	50
Machinery, household, office and store	60
Motor vehicle parts	67
Petroleum products	68
Non-ferrous metal smelting and refining ..	70
Rubber products	78
Motor vehicles	98

So I should like to know whether there is a single hon. member, even in the Conservative opposition, who will rise in this house and say in all seriousness that he believes the 98 per cent of the jobs which Canadians have in motor vehicle manufacture should be cut off simply because United States investments have provided us with those jobs. So on down the line.

No, Mr. Speaker; when we analyse the Conservative warning about the menace of these Yankee dollars, the menace of this great adverse trade balance about which they are so fond of talking, we find that adverse trade balance almost entirely made up of tools and capital equipment which is coming in to develop this country. I would ask my Conservative friends to point out the name of the United States-owned factory which they think is a menace to this country. I submit that they are only against this United States investment in general terms, but when it comes down to concrete terms and they are talking about the exact factory or the exact job which is provided by that United States investment they are very vague indeed.

Take my own province of British Columbia. I should like to touch on one or two instances. I will start up the coast at Prince Rupert. I would wager that there is not a single person in the whole city of Prince Rupert who would say that United States investment there has been a menace to that city. As a matter of fact, United States investment in the past few years has transformed the city from one of very moderate progressiveness to one of the most prosperous cities in British Columbia.

I come down the coast to Ocean Falls, where United States investment is entirely responsible for the whole project. I come farther down to Powell River, where there is one of the greatest pulp and paper companies in the whole world. Incidentally, United States investment and for that matter United States management under the Foley brothers, who are among the most enlightened employers in the whole Dominion of Canada, have transformed the city from one which 21 years ago had some of the shadiest labour relations to a city with perhaps the most enlightened labour relations in the whole of Canada. I venture to say there is not even a member of the Conservative opposition who would suggest that is a menace to Canada.

Coming farther down to the city of Vancouver, certainly in my own constituency of Vancouver South I cannot think of any foreign investments that are a menace to Canada. I must say that when I have heard the term "foreigners" used with reference to Americans or "foreign investment" when we mean United States investment I have wanted to cry "shame", because everybody knows that no sensible Canadian ever calls an American a foreigner unless he is deliberately trying to insult him. In any event, in my riding of Vancouver South we welcome foreign investment.

I am sorry to see that my good friend the hon. member for Rosetown-Biggar is not in his seat at the moment, because yesterday he said he had some sensible things to say about forest production waste and some sensible remarks about what a young Scandinavian had said about our wasteful forest practices in this country. But, Mr. Speaker, never in the history of this young nation, Canada, has there been such an improvement in any industry as there has been in the forest products industry of British Columbia in the past 15 or 20 years with respect to the utilization of materials which formerly went to waste and the better exploitation of the raw materials, especially with regard to the manufacture of plywood.

I would point out that all or most of these improved practices are due to the know-how that came into this country along with some of the refugee capital which came here as a by-product of Hitler's persecutions in Europe. I would say that if there is not a silver lining to every cloud, there was a silver lining at least in one respect so far as Hitler's persecutions were concerned, in that we in British Columbia got fine and enlightened Czech capitalists like the Koerner brothers, who have not only improved our whole woodworking industry but have made a gift running into millions of dollars for humanitarian purposes in British Columbia.

When I look over the United States-owned factories in my riding and other ridings I invite any member of the opposition to get up and say which American-owned factory he would close down, which American factory he would keep out of the country. There are thousands of people employed in the United States-owned factories, at least a fifth of all the people in Canada. Incidentally, the people with the best jobs in Canadian factories are those who work in these factories created by United States investment.

Mr. Ellis: What a straw man.

Mr. Philpott: When I hear the member for Regina City he makes me more homesick than ever, because his voice is exactly like the foghorn in Vancouver harbour. I submit that my hon. friends opposite are in a rather dangerous position. I have no doubt they know full well the meaning of the motion they have moved. It is of course a want of confidence motion, and if it were passed the house would be dissolved and we would have an election now.

Some hon. Members: Hear, hear.

Mr. Ellis: What are you afraid of?

Mr. Philpott: Of course my hon. friends opposite want an election now, especially the Conservative opposition, because they know very well that unless they get their election before the natural gas pipe line reaches Winnipeg they will be shown up as the most senseless, stupid obstructionists in the whole history of Canada. Imagine, Mr. Speaker, the party that aspires to be the government of Canada and that talks about reducing the adverse trade balance with the United States tries to block the pipe line which is going to substitute Alberta gas for Pennsylvania coal and thereby reduce the largest item that goes to make up this adverse trade balance with the United States.

I know that my hon. friends immediately opposite are in a little different position. They have about four months' extra grace. The poor old Tories there—I must apologize for that term, but it is the result of spending my boyhood days in the city of Hamilton, where people were not only willing to admit they were Tories but were proud of it. I am glad to say that I can remember when the Secretary of State for External Affairs and I lived in Hamilton in our boyhood days. I think he was born into a Conservative family, too. I believe my father was the first

Liberal on our side. We even had an aunt whose name was Aunt Tory; that was her real name, too.

Mr. Ellis: What party are you going into next?

Mr. Philpott: I can think back to my first experience in politics in 1911. I have a horrible admission to make, and that is that even in those days, although my father was a Liberal, the Tories sold me on the idea that if the Liberals won the election we were going to have annexation to the United States. I can remember the great crowds gathering in the dining room of our old home on what was fondly called the mountain in Hamilton, and debating the issue. These debates used to end in real fist fights, which is one reason of course why I felt a little bit at home in this chamber a while ago, because I had been in that kind of atmosphere before long ago.

When I grew up I talked to some of my colleagues like Mr. McGregor and Mr. McTavish of the Vancouver *Province*, who not so many years ago wrote a series of articles about the 1911 election. He gave the inside story of that 1911 election and told how some smart Tory newspaper man from Canada went down to Washington, if you please, and paid those congressman $100 per speech to make speeches in favour of annexation of Canada by the United States. Those fellows would have done it for nothing, especially if they could have had their names across the front page.

May I say that before my hon. friends opposite go farther down the slippery slope of warning against the menace of these Yankee dollars they should keep in mind what happened before. You cannot fool the people twice with the same trick while some of the same people are still alive. Never should they forget that the so-called menace of these United States dollars is the kind of menace which is responsible for one-fifth of the best jobs we have in this country.

I think back to the days of the war when the great Churchill coined one of his most famous phrases when asking for co-operation from the United States. He said, in effect, "Give us the tools and we will finish the job". I submit we could paraphrase that today in regard to this United States investment in Canada which has been responsible for the tremendous development we have had in this country, by saying that they have lent us the tools and we will finish the job; we will carry through from where we are now and proceed with the development of this country. No, Mr. Speaker; the Yankee dollars are not a menace to Canada except in the minds of the hon. gentlemen opposite.

[Mr. Philpott.]

Mr. J. G. Diefenbaker (Prince Albert): I do not intend, Mr. Speaker, to follow my hon. friend in the discussion of the fictional matters in which he indulged. He went back to 1911 and resurrected a fiction that has remained amongst those who do not read and will not hear, that in that election of 1911 this party took the stand "No truck nor trade with the Yankees". This indicates the paucity of argument in regard to the amendment before us, and the extent to which the hon. gentleman felt impelled to go into the fictional past in order to remove himself from the discussion of the present.

But there was one interesting thing I noted in his speech. After he had covered all this historical fiction and myth he finally came to mention the amendment and said, "You want to watch this; if you vote in favour of it we are going to have an election." This indicated that in behind all those words and the creation of all these straw men, there was a fear that could not be hidden. Over and over again—and you, sir, know the circumstances—we on this side of the house have done everything we could to challenge the government to do that thing to which my hon. friend referred a moment ago, but without success.

Now, returning to the amendment, I think at this time it might be well to read that amendment so the discussion might once more return to the subject matter before the house. This is the amendment:

> This house is of the opinion that the welfare of the Canadian people requires the adoption now of a national development policy which will develop our natural resources for the maximum benefit of all parts of Canada, encourage more processing of those resources in Canada, correct the present serious unfavourable trade balances, foster wider financial participation by Canadians in the development of our resources, and promote greater opportunity and employment for a steadily increasing population.

I noted, sir, that throughout his remarks my hon. friend dealt with no portion of that amendment. Yesterday the Leader of the Opposition set out in very considerable detail the attitude taken by this party in reference to the need for a development policy that will not only expand and develop Canada today, but preserve and maintain that development for future generations.

The attitude taken by the Minister of Trade and Commerce was generally to this effect: After all, if we sell our irreplaceable resources in raw form it will be and is to the advantage of the present. The difference between his point of view and that of the Leader of the Opposition is this. The Leader of the Opposition is building for the future; for if we take our irreplaceable resources and move them from Canada in the raw form, the day will

come when, there being none to replace, the advantages of the present will be lost in so far as our national destiny is concerned.

No one has ever taken the stand that it is not to the advantage of this country to have investment from the United States or elsewhere, but what we do say is this. In that investment let Canadian considerations be No. 1, rather than subject to the interests of any corporation from any other part of the world. When you speak of the present and of the need of United States investment in Canada, let me say this. One of the most serious things that has taken place in recent months in connection with Canada's development has been the increase in discount and interest rates, thereby forcing Canadian industry, municipalities and provinces to go into the United States market to borrow because money there is cheaper than it is in Canada.

In today's newspapers parliament learns, as it so often does through the press, that interest rates on bank savings will be increased by one-quarter of one per cent after August 1. What kind of encouragement is that to saving in Canada so that Canadians will have money available in order to finance a larger share of Canada's development? Sir, this most niggling, niggardly increase can have no serious influence in causing Canadians to have more money available for investment in Canada. Indeed, the Minister of Trade and Commerce himself, when speaking recently in Hamilton, used these words:

> I share the desire of Canadians to be free from dependence on large scale imports of capital. As a member of the Canadian government I do all I can to help maintain conditions favourable for Canadian investors, in the hope that one day we shall be able to look after all our capital requirements if we choose to do so. The plain truth is, however, that Canadians have not generated enough savings to supply all the capital required for Canadian development.

Well, no matter what savings they have generated the government has degenerated them by the heavy rates of taxation that exist, and this latest action of raising interest rates to that extent does not meet the situation and will not meet the situation, nor will it encourage further savings in Canada.

My hon. friend says let us get as much capital into Canada as we can regardless of whether we have any control over it. Well, Mr. James Muir—

Mr. Howe (Port Arthur): When did I say that?

Mr. Diefenbaker: —the president of the Royal Bank of Canada, spoke before the Canadian club at Ottawa on January 19 and said this:

> The disadvantages to the Canadian economy of non-resident control lie mainly in practices that would appear to be easily changed for the better. Participation by Canadians in enterprises financed by outside (especially American) capital would be greatly encouraged were it not necessary in many cases to buy stock in the parent company in order indirectly to secure some voice in the operations of the Canadian subsidiary. In other words, Canadians should be allowed to buy stock directly in any Canadian corporation.

That point was made yesterday by the Leader of the Opposition. Mr. Muir continued:

> Another practice, with a similar effect, is that of centralizing research facilities in the non-resident parent company. This practice may result in economies.

Finally, he said this:

> I believe that every encouragement and incentive should be given to the establishment, by non-resident corporations, of research facilities in Canada.

I shall deal with that in a moment, for Canadians find themselves in the position where corporations cannot deduct those expenses in Canada to the same extent that they do in the United States, where provision is made to encourage the research so necessary in the developments of today. Yesterday the Minister of Trade and Commerce ridiculed, or endeavoured to ridicule, the arguments advanced by the Leader of the Opposition regarding the fact that development was not reasonably equal in all parts of Canada. The Leader of the Opposition said, as reported at page 5775 of *Hansard*:

> As trustees for future generations of Canadians, we should make sure in every way we can, within the framework of our constitutional structure, that by the combined efforts of all governments and all the people of Canada the opening up of our country brings the maximum benefit to every part of Canada, not only for today but for future generations far into the years ahead.

And then he said this:

> Large areas right across Canada have not participated fully in our recent growth and development. This government has failed to meet its obligations to those parts of Canada which are most in need of encouragement and financial support.

To all of this the right hon. gentleman said he had never heard so much rot in one afternoon in his life.

Mr. Howe (Port Arthur): Will my hon. friend read the extract from my speech in which I discussed distribution of development projects across Canada?

Mr. Diefenbaker: I read it, but I am just mentioning—

Mr. Howe (Port Arthur): You are reading into it comments that are not there.

Mr. Diefenbaker: If I were to read all that the hon. gentleman said yesterday it would be perfectly clear that he did not admit the basic reason for this amendment, namely that across Canada there is not equal development and there is not equal opportunity for Canadians in every province of Canada.

Mr. Howe (Port Arthur): I wondered what the reason was.

Mr. Diefenbaker: Nor any endeavour on the part of the government to secure it. Last evening the hon. member for Royal dealt with this question, as he has done on previous occasions, and pointed out the injustice and unfairness to the maritime provinces owing to the fact that this government has failed to act, has failed to give any support to the power development on the Saint John river, as it has failed to give assistance to the province of Saskatchewan in connection with the South Saskatchewan dam.

Where are the maritime members now? Today's press records that while the minister was ridiculing the arguments of the Leader of the Opposition, and also in anticipation the arguments raised by the hon. member for Royal, there was a gathering in Fredericton. It was a gathering of premiers, three Liberal and one Conservative. The conference was held. The maritime premiers demand a better deal for the maritimes. They want a co-ordinated policy, and they went on to point out, "Ottawa helps those who help themselves, but only if they complain loudly enough".

Well, that was the first principle they enunciated. Sir, it is worthy of the attention of the Liberal members from the maritimes, because it should not have been necessary after 20 long years in power for these three Liberal premiers to meet together and determine that in so far as their representation from the maritimes was concerned in government circles, there were insufficient demands for the rights of the people.

Let us go on:

> Does the federal government consider that its mission in the development of the Atlantic coast of Canada has been accomplished by sending three geological survey parties to Newfoundland this year, Premier Smallwood demanded?

There is one of the great creative men of Canada. He created the Minister of Citizenship and Immigration (Mr. Pickersgill). Then we have Mr. Hicks saying:

> It is necessary to point out to the federal government that they do not have to think always of industry in the Montreal-Ottawa-Toronto region, when it comes time to hand out defence contracts.

Coming back again to Premier Smallwood, speaking as the tribune of the people on behalf of equality of opportunity everywhere in Canada and in particular seeking to equalize those opportunities in the maritimes who said:

> "The government of Canada is wrong when they say that all provinces should be treated as equals." The Newfoundland leader borrowed a phrase from communist philosphy to express his attitude: "From each according to his ability, to each according to his need."
>
> The policy of equal treatment, he said, would result in "four, or possibly five, rich provinces, with the rest of us in the poorhouse."

He went on to say there is a faint glimmer of hope:

> There is now a glimmering of comprehension in Ottawa, and one of the signs was the appointment of the Gordon commission on the economic development of Canada.

He went on to express the hope that as the result of the work of this commission there may be some action such as the Leader of the Opposition has pointed out over and over again is necessary in this country by way of equalizing opportunities for people in every province of Canada. He goes on to deal with freight rates; he speaks of the unfairness of flat increases that have the result of discriminating against the maritimes and the west, and he concludes by saying that action must be taken in order to secure an equality of opportunity and to raise economic standards in various parts of Canada to the level of other parts of the country. That is the purpose of this amendment. While the Minister of Trade and Commerce was saying yesterday there was no need for this amendment, these men were calling on the government to do the very things which are embodied in the amendment presented to this house.

Sir, it is a very serious question, and one that has been ignored by this government. This government has failed to recognize that every part of Canada deserves its fair share in the national development. It is because of that failure that we in this party have asked among other things that instead of shipping our resources from Canada in their raw form they should be processed here in Canada to the maximum extent.

The hon. member for Vancouver South says there are so many jobs resulting from those raw materials being sent out. I think the number is aproximately 250,000, representing people employed in Canada as a result of the export of raw, semi-raw and partially processed products. There is only a small labour content in raw material. When transferred into processed or semi-processed

material jobs are increased far out of proportion to the extent to which expenditure is necessary to transform those materials into saleable products.

What I want to deal with in particular now in the time at my disposal is one phase of this question that was alluded to by the Leader of the Opposition as part of a development plan. At page 5778 of *Hansard* he said:

> Therefore, the training of skilled men and women to take their part in research and technical development must be part of the national program consciously designed to advance our industrial expansion in Canada.
>
> Without interfering in any way with the exclusive jurisdiction over education which rests with provincial governments, encouragement should be given to advance research and within the framework of our constitution research facilities should be expanded rapidly right across Canada in our universities and industries. This is something the government can do and should undertake right away.

There has been considerable discussion on this subject of the shortage in Canada of trained technical personnel. Gilbert Jackson and associates of Toronto recently summed up their views in anticipation of the situation in Canada in the next ten years and pointed out this fact:

> A leading impetus to industrial investment is the prospectively rapid rate of technological advance and automation. The surge in this direction is already under way and tends to feed upon itself. Even the cold war is becoming more and more a race for economic, industrial and technological superiority.
>
> The prospectively rapid rate of technological advance and automation is now seriously threatened by the dearth of engineers and highly trained technicians. This may prove to be the greatest of our handicaps during the next decade.

In other words, training the necessary personnel in Canada under research facilities, either dominion or provincial, or through the instrumentality of business to the end that trained men will be available, is a serious need. Only today there is a report on the university situation in Canada which indicates that during the present year there are some 60,000 students in Canadian universities and eight years from now, according to the dominion bureau of statistics, there will be between 100,000 and 135,000. The U.S.S.R. has not only launched an international trading system but has also launched a vast training system to train the necessary technological workers, scientists, engineers and the like; but while the United States allows almost complete deductions for technical research on the part of industry we in Canada do not do so, nor do we have the opportunity of doing so because United States companies in the main do their research work in the United States. While we in Canada receive an indirect benefit from that, we do not receive the benefit that we should in keeping Canadians in Canada.

In the last four years the U.S.S.R. has graduated 154,000 engineers; in the same period Canada graduated 6,900 and the United States 116,000. This year the U.S.S.R. will have 60,000 graduates in applied science as compared with 1,700 in Canada, 3,000 in Great Britain and 22,000 in the United States.

Everywhere the fear exists that Russia is outdistancing us and by 1968, according to an estimate that has not been denied, the U.S.S.R. with its present trade policy and its expansive industrial policy will equal the industrial production of the United States. Everywhere the fear is expressed that we are not doing our part nationally or provincially to provide the necessary trained personnel. Within the limits of our constitution, why should not the federal government expand and extend the amount available by way of scholarships in order to encourage and permit universities in this country to take their part in our national development and meet the international challenge presented by the U.S.S.R.?

Sir Winston Churchill warned that the western world is falling behind the U.S.S.R. in advanced training and research in pure and applied science. Last year in Canada one-sixth of the total number of undergraduates were in engineering. The engineering institute of Canada has stated that Russian tactics are building up the world's greatest army of technicians, and this fact should both disturb and inspire us.

I am not suggesting that our institutions of higher learning should become instruments of the state, dominated by the state, but I say this. In order to meet the responsibility of expanding the processing of our commodities in Canada and the development of our industry, we require more and more technicians, far beyond the numbers now being trained. Universities cannot carry on. Fees have increased in several of the universities by from 5 per cent to 11 per cent.

What the Canadian government is doing in these terms is merely touching the outer edge of this responsibility. Last fall they set up a scholarship fund in the national research council which granted some 267 scholarships worth $363,000. Rather, that was the general plan previous to last fall, and there was an increase in that number by 250 summer research scholarships to the value of $200,000. We want to build up in Canada that necessary research army, that scientific corps of trained men. There is no reason why there should be so few scholarships. They do not interfere with provincial rights. That number should be materially increased.

In addition to that, business should be given encouragement, and companies that come to Canada from outside should be required to provide a certain portion of their earnings for the purpose of research and for the training of research personnel. That is being done in the United States. That has been done in countries in Europe. That today is the purpose of a recent change of front on the part of the U.S.S.R. which, however, goes farther than any of us would wish to go in that it places industrial research and scientific education above any other type of education and denies to a major extent the development of the humanities.

The *Globe and Mail* of Toronto in March ran a series of articles by Jim Senter in which he set forth in detail the tremendous lack of trained men in Canada, including trained scientists, engineers, electronics technicians and the like. He went on to point out that the army and the air force are short of technical personnel, and that to a lesser degree Canada's defence research board and Atomic Energy of Canada find themselves in a similar situation but not to the same extent as does industry. He also pointed out that in Canada, in the engineering field, in one area to which he made reference approximately one-third of the engineers had come from elsewhere in the world and generally from Europe.

I think one of the main things that can be done today in order to make possible the laying of the foundation for the kind of development the Leader of the Opposition has envisaged as within the capabilities of Canada, would be first to make available the facilities and then train that army of technicians which will be necessary. Then, I repeat, Canadian industries should be encouraged to extend their research facilities by the necessary taxation allowances being provided and companies that come in from the outside, foreign companies, should be required as part of their development to devote a portion of their earnings to the expansion and development of research.

Just one word more, Mr. Speaker. At the beginning I mentioned that the Leader of the Opposition had painted a national picture in which development everywhere would be equalized within natural limitations. I do not want to refer once more to the South Saskatchewan river project, but I say this. Only in the last few days Mr. C. T. Hazen of Saskatoon set out in detail what this great project could achieve in my province. Why does not the government act? It met no opposition from any member of the opposition party. Why should not that project be a national development? It is one that has received the support of the Leader of the Opposition through the years. It is one that we feel is necessary. It is one more argument in support of those maritime premiers who, meeting yesterday, pointed at the present government of Canada the finger of condemnation for the failure of this government to do that of which the Leader of the Opposition over and over again has stressed the necessity, namely the building up of equal opportunity in all parts of Canada.

Whether it be Newfoundland, Nova Scotia, New Brunswick, Saskatchewan or British Columbia, the federal authority should be charged with the responsibility of assuring the people living in those areas a reasonable and fair share of the national benefits that for the moment are concentrated to too great an extent in two or three of the Canadian provinces.

Mr. J. H. Dickey (Halifax): Mr. Speaker, the amendment that has been proposed by the Leader of the Opposition raises a number of important points, and in the speeches which have been made by hon. members opposite in support of this resolution a number of these matters have been dealt with.

I think it is quite obvious to all hon. members that in this resolution and in the speeches that have been made by members of the opposition there is nothing that is new. Everything that has been said or suggested has been said before by the same hon. members or by different hon. members in speeches in this house and in speeches outside this house. The wording and intent sometimes differs, but the basic material is the same.

The speeches of the Leader of the Opposition like those of others who have spoken in support of his amendment, were collections of generalities. This has been pointed out by the hon. member for Vancouver South a few minutes ago. The hon. member for Vancouver South showed how, when those generalities are reduced to practical examples, the picture that has been painted in the general statement seems to change. I did not see any hon. member across the floor of the house rise to take up his suggestion that they deal with these individual examples that he gave.

The fact is, Mr. Speaker, that all these generalities are not supported by the facts of our present economic situation in Canada, nor are they supported by the history of the development of the economy of this country over the past 15 or 20 years. Many of these general statements, when taken alone, could perhaps be agreed with. But when they are put together in the form of a more or less connected speech they create an entirely

wrong and incorrect impression, and it is that impression and that wrong implication that requires an answer.

My purpose in entering this debate is only to deal with one or two of the major points that have been raised by several of the speakers opposite. The amendment itself refers to the adoption now of a national development policy which will do certain things. The Minister of Trade and Commerce in his speech in this house last evening pointed out and proved with facts that there is now an existing policy that is being put into effect by this government that it is achieving in very substantial and satisfactory measure the very purposes which are contained in the amendment proposed by the Leader of the Opposition.

This policy is achieving results, as has been proved in a number of fields, and I want to speak of that policy and its results in two important fields. The first is that of research. The Leader of the Opposition mentioned research in a number of places in his speech. As recorded on page 5778 of *Hansard* of July 9, he spoke of desirable steps to be taken which are necessary to encourage our own management and the expansion of our own affairs. He said this could be done in the important field of industrial research, and he told us of the success achieved in other countries. Then further down the page he went on to speak of university education and research in the universities; and in the next column he spoke of tax deductions that should be permitted to industry in respect of research expenditures, which would encourage our own research in every field.

The hon. member for Rosetown-Biggar also referred to research in his remarks last evening; and the hon. member for Prince Albert, who has just resumed his seat, spoke at some length about the need for research and support of research by the federal government, by provincial governments and in the universities. We have had debates on research in this house in the past, and it is a fact that there has been a very considerable increase in activity and interest in research in Canada over a long period of years.

This increase in activity and interest has accompanied and paralleled the very rapid and satisfactory growth of both our primary and our secondary industries, which was outlined by the Minister of Trade and Commerce last evening. As far as government research is concerned, the federal government is spending this year over $100 million on a wide variety of essential research activities. I am sure it may be said with justice and truth that this represents a per capita expenditure on government research that compares favourably with similar expenditures in any other country in the world. I think it is also true that the quality of Canadian research and the results achieved fully justify these very large sums of money which have been voted by this parliament and expended by the various agencies and departments of government that exercise responsibility in this field.

Mr. Speaker, perhaps the picture will be clearer if I place on *Hansard* a table prepared from the estimates which summarizes the figures of expenditures on research by the various departments of government. This table indicates that Canadian government research covers a very wide field including the responsibilities of the Department of Agriculture, the Department of Fisheries, the Department of Mines and Technical Surveys, the Department of National Health and Welfare and the Department of Northern Affairs and National Resources, to say nothing of the national research council which is, as hon. members know, the main federal government organization active in the general field of industrial research and pure science. With the permission of the house I shall place this table on *Hansard* covering the estimated expenditures on research by the federal government for the current fiscal year 1956-57 and for the previous fiscal year 1955-56.

Mr. Green: May I ask the hon. member a question?

Mr. Dickey: Yes.

Mr. Green: Do these figures include, for example, all the expenditure on Canada's atomic energy program?

Mr. Dickey: Yes; I said they included all the moneys voted by parliament for research, and that is quite clearly set out.

Mr. Green: I am asking whether these figures include the total moneys voted for Atomic Energy of Canada, a large portion of which is not research at all.

Mr. Dickey: No. As the hon. member will see from the table, this includes only the $300,000 paid out in the form of grants by the atomic energy control board and the research operations portion of the activities of Atomic Energy of Canada Limited; but that, I think—

Mr. Deputy Speaker: Order. Has the hon. member unanimous consent to place this table on *Hansard?*

Some hon. Members: Agreed.

Mr. Dickey: The table is as follows:

TABLE I

SUMMARY OF ESTIMATED EXPENDITURES ON RESEARCH BY FEDERAL GOVERNMENT

Department or Agency	Fiscal Year 1955–56			Fiscal Year 1956–57		
	Operations	Capital	Total	Operations	Capital	Total
	$	$	$	$	$	$
Agriculture—						
Animal pathology	657,869	235,685	893,554	715,074	96,535	811,609
Experimental farms service	9,923,000	1,356,000	11,279,000	9,593,174	2,428,000	12,021,174
Science service	8,195,000	1,989,000	10,184,000	7,713,923	2,100,000	9,813,923
Atomic Energy—						
Control board grants	300,000	nil	300,000	300,000	nil	300,000
Research operation, A. E. of C. Ltd	11,226,183	8,176,425	19,402,608	13,743,370	8,713,685	22,457,055
Defence research board	20,101,000	2,799,000	22,900,000	19,854,689	3,280,700	23,135,389
Fisheries research board	2,631,000	267,000	2,898,000	2,916,000	689,000	3,605,000
Mines and Technical Surveys—						
Mines branch	2,982,561	756,290	3,738,851	2,979,270	1,251,085	4,230,355
Geological survey	2,394,637	604,000	2,998,637	2,314,954	919,000	3,233,954
Dominion observatories	632,083	97,050	729,133	691,512	123,738	815,250
National Health and Welfare	527,200	10,300	537,500	616,500	nil	616,500
National Research Council	16,300,000	2,470,000	18,770,000	17,697,000	2,818,000	20,515,000
Northern Affairs and National Resources—						
Forestry branch	1,611,634	1,205,513	2,817,147	1,687,505	1,988,497	3,676,002
National museum	175,000	nil	175,000	175,000	nil	175,000
Canadian wildlife service	275,880	nil	275,880	267,545	nil	267,545
Veterans Affairs	350,000	nil	350,000	375,000	nil	375,000
Totals	78,283,047	19,966,263	98,249,310	81,640,516	24,408,240	106,048,756

Hon. members will see from this table that in the fiscal year 1955-56 these estimates totalled $98,249,000 and for the present fiscal year 1956-57 the total has advanced to $106,048,000. This, I submit, is a very substantial expenditure. This total includes only the expenditures made through estimates presented to and voted on by this parliament. There are other substantial expenditures on research not included in this table; for example, the Canadian National Railways, Polymer Corporation and other crown companies have substantial research programs in their own fields of activity.

In view of what has been said by hon. members opposite, and particularly by the hon. member for Prince Albert, who immediately preceded me in this debate, I should like to say a special word about the very considerable expansion that has taken place in the support given by the federal government to university research in Canada. This support is provided mainly through the agency of the national research council, and the increase has been truly dramatic. The program of scholarships and research grants under the national research council was begun in 1917, and has risen from a few thousand dollars in that year to almost $3 million per year this year. In particular it should be realized by hon. members that the support of university research by the national research council has multiplied by a factor of nearly six since the end of world war II.

The hon. member for Prince Albert demanded expanded scholarships. I am sure that every member in this house would wish to expand scholarships, particularly in the field of science and research, as widely as possible; but we must remember that the progress that can be made in this field is limited by the students available for graduate study and the research facilities available. The program of the national research council has been designed to try to ensure that, as students become available and research facilities are expanded and improved, the necessary support from federal government sources is available for scholarships and research grants.

In this case also it may be convenient for hon. members to give me permission to place on *Hansard* a table showing the actual expenditures by the national research council on scholarships and research grants from 1917, the year the program was instituted, to 1956, with the addition of the estimates of expenditure on this program for the current fiscal

year 1956-57. This table will, I believe, indicate to hon. members as clearly as it is possible to do the steady and satisfactory growth of university research being carried on in Canada with federal government assistance because these figures, as they rise from $13,000 a year in 1917 to $2,955,000 this year, indicate the vast expansion in research activity being conducted on university campuses right across Canada. If I may have the permission of the house I should like to place this table on *Hansard*.

Mr. Deputy Speaker: Has the hon. member permission to place the table on *Hansard*?

Some hon. Members: Agreed.

Mr. Dickey: The table is as follows:

TABLE II

National research council, Scholarships and research grants, 1917-56

Year	Expenditure
1917-18	13,794
1918-19	36,680
1919-20	53,416
1920-21	68,704
1921-22	62,342
1922-23	77,035
1923-24	101,658
1924-25	93,782
1925-26	106,214
1926-27	119,150
1927-28	154,591
1928-29	252,559
1929-30	270,432
1930-31	238,459
1931-32	209,324
1932-33	121,732
1933-34	205,089
1934-35	191,653
1935-36	164,184
1936-37	192,495
1937-38	213,656
1938-39	247,211
1939-40	369,559
1940-41	279,469
1941-42	281,809
1942-43	267,618
1943-44	227,688
1944-45	284,256
1945-46	307,891
1946-47	537,017
1947-48	949,615
1948-49	1,064,454
1949-50	1,552,776
1950-51	1,810,171
1951-52	1,836,583
1952-53	2,141,624
1953-54	2,123,324
1954-55	2,230,073
1955-56 (Forecast)	2,400,000
1956-57 (Estimates)	2,955,000

There is, I believe, no question but that the support of the national research council has over the years been a major factor in the development of university research in Canada. I should also point out that the national research council is by no means the only federal government body which is supporting university research. In the year 1954-55, for example, support for research carried out in the universities came not only from the national research council but from the Department of Agriculture, the defence research board, the Department of Mines and Technical Surveys, the Department of National Health and Welfare, and to a minor extent from other sources. The amounts of these assistances to university research have not been included in the table I have just placed on the record.

The hon. member for Prince Albert laid some stress on the question of industrial research and the steps that should be taken through taxation policy to assist private companies in engaging in industrial research. The Leader of the Opposition took the same line in his speech yesterday afternoon when he said, as found at page 5778 of *Hansard*:

> Tax deductions should be permitted in respect of research expenditures which will encourage our own research in every field.

I find it difficult to understand just how hon. members opposite, in the light of the law as it exists in Canada today, can suggest that this is not being done, in as full a measure as it is done in any other country of the world and in fuller measure than it is done in most countries. The hon. member for Prince Albert said during his speech that we should allow write-offs of research expenditures by industry, and he said we did not do it. That, Mr. Speaker, is just not the law. The law in Canada today with respect to the allowance of research expenditures by private industry is that in so far as current expenditures are concerned expenditures on research are allowed as deductions up to 100 per cent of those expenditures. How anything further could be done than providing a 100 per cent immediate allowance I am unable to imagine.

It is true that the expenditures made must be on a research program approved by the Department of National Revenue, but the regulations and the administration of those regulations are such that any research program even vaguely connected with the industry in which the particular company is engaged or the business that it is carrying on can be an approved project and the expenditures certified for complete write-off in the year of expenditure.

With respect to capital expenditures, which are also a very important consideration in connection with assistance to private firms engaged in industrial research, there is provision for the accelerated write-off of cost of both buildings and equipment, excluding the value of any land involved, over a three-year period. In other words, a company which wishes to do research is permitted to write off its full expense on current account each year 100 per cent, and if the building of any facilities or the provision of any

equipment of a capital nature are required they have accelerated depreciation which permits them to write off those expenses in three years. How hon. members opposite, in the face of that, can suggest that this country is not giving very substantial and effective assistance to companies interested and anxious to go into research projects, I cannot possibly imagine.

The second point with which I should like to deal is one which has been dealt with very briefly by the Leader of the Opposition, in more detail by the hon. member for Royal last evening, and again to some extent by the hon. member for Prince Albert this afternoon. What has been said draws attention to the necessity of the federal authority taking reasonable steps, the best steps that are possible, to assist all portions of this country to develop their economic life on a basis which is fair and equal with the development going on in other parts of the country. Obviously it would be impossible to achieve complete equality of development in a country so diverse as Canada. But it is in this particular field that I think can best be demonstrated the truth of the statement of the Minister of Trade and Commerce last evening when he said that we have in effect now policies which are doing everything the Leader of the Opposition had in mind in placing his amendment before the house.

The suggestion has been repeated as a generality, but without any attempt to discuss facts or to establish the general statement by facts, that the government is doing nothing to assist the economy of the Atlantic provinces, for instance, in their development in order to try to level out any inequalities there may be there. Let us deal with the Atlantic provinces and the various federal government assistance programs that are being carried out in that area. I say "are being carried out". These are not vague generalities or promises, as are the suggestions made by hon. members opposite. These are actual programs on which money is being spent and through which achievements are being made.

Last night the hon. member for Royal, for example, spoke of the coal industry as one of the basic industries of the maritime provinces, particularly in the province of Nova Scotia. There are federal government assistance programs in effect and being carried out at the present time to assist the coal industry. There are not just one or two programs; they are five in number.

The first one is the transportation subvention on coal movements which is intended to overcome to some extent the handicap of coal mines far removed from the main markets in Ontario and Quebec. This program was instituted in 1928 and has been in effect ever since. The expenditures under that program are of a substantial magnitude. For example, in the fiscal year of 1954-55 alone the expenditures under this subvention program for mines in the provinces of Nova Scotia and New Brunswick were $8,764,000. Over the period of the whole program from 1929 to 1955 the total amount expended under this program in the two coal producing provinces of the maritimes amounted to $56,066,000.

The second program is the subsidy payments on coal used in the manufacture of iron and steel. This program is designed to place Canadian coal used in the manufacture of iron and steel on a basis of equality with imported coal. These payments have only been made in Nova Scotia, because that is the only Atlantic province in which basic steel is produced. In the fiscal year 1954-55 those payments amounted to $224,000. Since they were instituted in 1931 up to the end of 1955 the total amount paid has been $6,914,000.

The third program provides coal production subsidies, loans and rentals, intended to extend financial assistance with a view to increasing the production of coal in Nova Scotia and New Brunswick mines. This was carried on from 1942 to 1947, the period of this program, with total expenditures amounting to $31,883,000.

The fourth program is coal production assistance, which was instituted to make long-term loans totalling $10 million to operators for the purpose of increasing efficiency of production through expanded and modernized mechanization. This has been in effect since 1949. The total expenditure under that program from 1949 to 1955 in the two maritime provinces has been $8,362,000.

Finally there is an export subsidy program which was brought into effect in 1955 to extend financial assistance in respect of coal from Nova Scotia being shipped outside of Canada during the period June 1, 1955, to March 31, 1956. This program has since been extended. The expenditures under that original program undertaken last year in co-operation with the government of Nova Scotia amounted to $300,000.

Mr. Speaker, that, very briefly, is a description of the actual assistance that has been given by this government to one of the basic industries in the maritime provinces to achieve the very effects of which hon. members opposite are talking. These are not promises. These are not suggestions of what might be done at some future time. Those are actual

programs which hon. members opposite obviously either did not know about or were unwilling to admit in their speeches last night and today.

Let us look a little further than the coal industry. There are two programs of a general nature which are of great value to the maritime provinces. The first is the steamship subvention for coastal services. This is to provide a payment to contractors for service between designated ports in the maritime provinces. This program is not as important as it used to be in some provinces, but over the period 1948 to 1955 the total payments on these steamship service subsidies in the three maritime provinces amounted to $4,644,000. In order to show the importance of this particular program to one of the Atlantic provinces, may I say that these steamship subsidies for Newfoundland in 1954-55 totalled $2 million and the total subsidies paid since 1951 and including 1955 amounted to $8,279,000 for that single province.

Then there is the freight assistance under the Maritime Freight Rates Act. This program is to provide for a reduction of 20 per cent on all rates charged on traffic which originates or terminates in the designated area, which is the maritime area. This was brought into effect under the Maritime Freight Rates Act in 1927. The expenditures for the Atlantic region in the year 1954-55 amounted to $10,590,000, and for the period 1946 to 1955 totalled $77,542,000 for this one program alone. I did not hear the hon. member for Royal mention that program in his speech last night.

The hon. member may be interested in the fishing industry. There are seven programs of assistance supported by the federal government for the fishing industry in the maritime provinces. The first is the fish bounty, most maritime members know about that. It is to aid the development of the sea fisheries of Canada, to encourage the building and fitting of fishing vessels and the improvement of working conditions for the fishermen. In the maritime provinces for the year 1954-55, $120,000 was spent on this program, and from 1946 to 1955 a total of $1,161,000 was spent.

Then there is assistance under the baits service which assists in making supplies of bait available to fishermen. This applies to Newfoundland, and since 1949 the payments made have amounted to $1,019,000.

There is a bounty program for the destruction of harbour seals to protect the fisheries, on which payments have been made since 1946 amounting to $95,000. There is a program of educational services for fishermen to provide for educational work in co-operative producing and selling amongst fishermen, on which the expenditure has been $459,000 since 1946. There is an annual vote of the Department of Fisheries for industrial development to provide technical services to fishermen and the fishing industry in the maritime provinces. Since 1948 and including 1955 this has cost $658,000, and for Newfoundland from 1953 to 1955, $88,000. Finally there is a program for the construction of bait freezing and storage facilities on which the expenditure in the maritime provinces from 1949 to 1955 has been $101,000.

Now, Mr. Speaker, I submit that these are important programs of assistance. These are intended to build up the basic industries of the Atlantic provinces, and these are programs that are in effect and achieving results.

Mr. Brooks: May I interrupt the hon. gentleman? I wish to remind the hon. member that my complaint in my remarks last night was regarding markets for our products. I admit these small matters are important.

Mr. Dickey: Mr. Speaker, on the question of markets, the success in marketing fishery products over the last five years has been outstanding, I believe, and I cannot think of any surplus of fish that has not found a market today, last year or in the last two or three years. We did have some difficulty about two years ago with lack of markets in the West Indies and in Europe for salt fish, but at the present time—I stand subject to correction—my understanding is that there is no fish production that has not found a ready market.

Mr. Sinclair: That is quite correct.

Mr. Dickey: Let us look at one of the other basic industries, namely agriculture. There are no fewer than nine federal government assistance programs for agriculture in the maritime provinces. First of all there is assistance in reclaiming and developing the marshlands of the maritime provinces. This was started in 1946 under the Maritime Marshland Rehabilitation Act, and since 1946 in the three maritime provinces expenditures of $4,127,000 have been made.

There is the agricultural lime assistance program, a policy of which the importance to agriculture, in the province of Nova Scotia at least, cannot be exaggerated. These payments are to assist the provincial governments in promoting the increased use of lime on acid soils. The total assistance under this program in the maritime provinces since 1946 has amounted to $1,369,000.

There is the program of freight assistance on western feed grains shipped into eastern Canada as feed for livestock and poultry. The recent development of both the livestock and poultry industries, certainly in my county of Halifax, is directly dependent upon this excellent program which, from 1946 to 1954, in the maritime provinces has involved the expenditure of a total of $26,339,000 by the federal government, and since it has become effective in Newfoundland from 1950 to 1954 the expenditure of $1,625,000 in that province.

Then there is the assistance to cheese factories under the Cheese and Cheese Factory Improvement Act, which has been very important particularly in the province of Prince Edward Island. The expenditures under that act from 1946 to 1954 amounted to $40,000, with an additional $86,000 to assist in amalgamating cheese factories into larger and more economical units.

Mr. Brooks: May I ask the hon. member a question? Do the matters of assistance on feed grains and to those cheese factories not apply to all of eastern Canada, Ontario and Quebec, just the same as it does to the maritime provinces?

Mr. Dickey: That is correct.

Mr. Brooks: There is no special benefit.

Mr. Dickey: As a matter of fact, if the hon. member had been paying attention and if he will check *Hansard*, he will see that as far as feed assistance is concerned I said that it applied to eastern Canada, and that is correct; but it is of much greater benefit, both relatively and actually, to the maritime provinces than it is to any other part of Canada that gets this assistance. After all, the argument that the hon. member was putting up was that he wanted equality of treatment. If he is going to suggest that programs that can be useful to agriculture in the central provinces should not be applied to those provinces but restricted to the maritimes, I think he is forgetting about his argument on equality of treatment.

Mr. Brooks: The hon. member had better get the opinion of the four premiers meeting in Fredericton.

Mr. Dickey: The four premiers can look after themselves.

Mr. Brooks: They certainly can.

Mr. Dickey: They have their responsibilities.

Mr. Brooks: They do not say we are getting equal treatment.

[Mr. Dickey.]

Mr. Dickey: The hon. member has his responsibility not to mislead the house and the country the way he did last night.

Mr. Hees: Nonsense; and the way you are right now.

Mr. Dickey: I am giving the hon. member for Broadview and anybody else who is listening the facts, not some general statements that cannot be supported.

Mr. Hees: What the hon. member is doing is preaching a sermon. Will the hon. member tell us who wrote his speech for him?

Mr. Dickey: The next program is the program of assistance on hog carcasses, which has resulted in payments in the maritime provinces from 1944 to 1954 totalling $1,970,000.

Then there is the assistance program in the removal of apple trees, which was designed to assist in the removal of ancient and less desirable trees in the Annapolis valley. Under that program from 1943 to 1952, when the program came to an end, we made expenditures of $2,163,000, and no one in the Annapolis valley of Nova Scotia will gainsay the advantage of that program to that area of the country.

Then there is assistance in the construction of cold storage warehouses, under the Cold Storage Act. That program has resulted in the expenditure in the maritime provinces from 1948 to 1954 of $489,000.

Then there is assistance under the Canadian farm loan board, which is, of course, an act of a general application similar in nature to those mentioned earlier by the hon. member who interrupted. The expenditures under the act have amounted to $4,401,000. In addition there have been loans for farm improvements under the Farm Improvement Loans Act amounting to $14,092,000 in the maritime provinces from 1945 to 1954. I could go on, Mr. Speaker, and list three other important programs in the field of forestry and the assistance given under the general health grants and other matters, but I think I have placed on *Hansard* sufficient facts to give the hon. member for Royal and a number of others some reason to reconsider the kind of statements they make in this house.

We are not going to solve problems of an economic nature in any part of this country by trying to make things look worse than they are. It is not facing the facts to suggest that this government is not undertaking policies that are designed to give assistance and that are having good results in bringing about the very things the Leader of the Opposition stated in his amendment. My purpose has been to point out very briefly some of the assistance programs that are in effect in the Atlantic provinces.

The programs I have described are current programs designed to give practical assistance to the basic industries, such as coal mining, fishing and agriculture, in the Atlantic provinces area. That is the kind of practical, effective assistance that can bring and is bringing results. I have not mentioned, and I will not take time to mention, the capital developments that have been carried out by this government, such as the construction and acquisition of auto ferry vessels serving the four Atlantic provinces, providing essential transportation services by connecting them, the ferry services to Prince Edward Island, to Newfoundland, and the Bar Harbor-Yarmouth ferry service which has come into effect this year, the cost of such projects as the strait of Canso causeway, which was a great and important development, the contributions that are being made under the Trans-Canada Highway Act to assist in highway construction in the Atlantic provinces. To no province in this country is the trans-Canada highway assistance of more importance and more benefit than to the province of Newfoundland.

Mr. Deputy Speaker: Order. I am sorry to interrupt the hon. member, but I am obliged to advise him that his time has expired.

Mr. Colin Cameron (Nanaimo): Mr. Speaker we have had quite a survey of the industrial development, or lack of development, depending on the point of view, that obtains in Canada. As often happens when I listen to a discussion of this sort I am constrained to wonder if perhaps we do not frequently confuse means and ends. For instance, whenever I pass a particularly large pulp and paper plant in my own constituency, one of the largest in Canada, there is always a question arising in my mind as to just what is the purpose of that particular industrial development. Beyond providing jobs for a certain number of people I must admit I am sometimes in doubt as to whether there is any social purpose at all behind that institution.

I believe when we come to consider the question of the industrial development of Canada we should be asking ourselves not merely how large is that development, not merely how well are we employing our natural resources, but we should also be asking ourselves something else and that is, what is the purpose of our industrial development. As I said, I believe that today we tend to confuse means and ends; we tend to accept as ends industrial development which by the nature of things can only be the means to some real and valuable end.

I do not quite know how one would express that end. Perhaps each individual has his own definition of it. Possibly the expression "the good life" might be as good a definition as any of the end of social organization and industrial development, for industrial development provides us with the material basis for that good life. I am not for a moment underestimating the extreme importance of that development, but it only provides one of the ingredients of what I think most of us would consider to be the good life.

I would remind hon. members that there have been other systems of society which have had varying degrees of success in industrial development. We have all heard of the success of the late unlamented Adolf Hitler in Germany and we all know, of course, that Mussolini made the trains in Italy run on time. In recent months we have heard a great deal about the industrial success now being achieved in the Soviet union. In each of these instances I have cited there has been brought to the nth degree that confusion of ends and means which I feel afflicts us too in some measure; for while industrial development provides the material basis for the good life for free men and women, it does no more; and as the instances I have cited suggest, if left unchecked by other developments in society it may very well develop into weapons which will more effectively destroy freedom than an underdeveloped economy would be able to do.

Now, to seek the basis for the other aspects of the good life for free men and women we have to look at other institutions and other developments in our society; and I submit, sir, that the basis for the most valuable part of the good life is to be found in the type of social and political institutions under which people live. Here in Canada the fundamental basis of that good life is to be found right in this chamber of the House of Commons, because here in the hands of the 265 members of the Canadian commons rests ultimately complete power over the lives and fortunes of the Canadian people. While it is easy enough for us to take the position that those who now exercise power through the medium of this institution have in their minds and hearts no desire and no intention to infringe on the fundamental rights and freedoms of Canadian citizens, we must also bear in mind the fact that precedents and habits and procedures that are developed in this chamber may at a later stage in our history be used by men with definite intentions to infringe on the freedom, rights and liberties of the Canadian people.

Things have been happening in this chamber of late, sir, that raise some very grave doubts in our minds, doubts as to whether

this vast industrial power about which we heard so much from the Minister of Trade and Commerce last night may not in the future be used as a weapon of oppression rather than a tool for enhancing and expanding individual liberties and freedoms among the Canadian people. I have on previous occasions suggested that this House of Commons is but a frail barrier protecting the freedom and democratic rights of the Canadian people. It is the best we have, but it must be handled with great care and delicacy, and I think it is not too much to say that within recent days and weeks events have taken place in this chamber that have seriously corrupted this vital, central organ of democratic freedom in Canada.

A week ago yesterday the presiding officer of this chamber, for reasons that he considered good and sufficient—

Mr. Deputy Speaker: Order. I wonder if the hon. member would confine his remarks to the amendment about which we are speaking. It seems to me that in the last few minutes his remarks have wandered somewhat far afield, and at one point he almost reflected on a vote which had previously taken place in the house.

Mr. Cameron (Nanaimo): Well, Mr. Speaker, I would point out to you that I am suggesting there is very little use of our discussing the industrial and economic development of Canada if we have not simultaneously as much attention and regard for the institutions that protect the freedoms and rights of Canadian citizens. On that basis, sir, with all due respect I suggest that my remarks are in order.

Mr. Gauthier (Portneuf): You are not in order.

An hon. Member: It would be something new for you.

Mr. Cameron (Nanaimo): There has been some doubt lately as to who was going to be the Speaker of the house—

Mr. Gauthier (Portneuf): You go ahead and be Speaker.

Mr. Cameron (Nanaimo): —as we find out now from an unlucky candidate.

An hon. Member: You are the least worried in this house about democracy.

Mr. Cameron (Nanaimo): I submit, sir, that I am in order to discuss the whole framework of Canadian society in which our industrial development is taking place.

Mr. Gauthier (Portneuf): You are not.

Mr. Cameron (Nanaimo): A vital section of the framework of that society is the conduct of this central organ of democracy within the Canadian nation. If you wish to rule me out of order at this point, sir, I shall take my seat and raise this matter later as a grievance.

[Mr. Cameron (Nanaimo).]

Mr. Deputy Speaker: Order. I feel that we are limited by the terms of the amendment which is before us. I do not propose to read the entire amendment, but in the main it deals with the development of the natural resources of this country, and I feel that discussion of extraneous matters is, of course, out of order.

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, I was intrigued by the speech made by the Minister of Trade and Commerce last night and by the manner in which he read it. He admitted, of course, at the beginning that it was a scissors job. At page 5795 of *Hansard* I find this statement:

> . . . I am meeting a prepared speech with a speech I have attempted to put together with scissors, largely from speeches I have made over a period outside this house.

Obviously that speech was based on the product of one or more ghost writers.

Mr. Howe (Port Arthur): By what right does my hon. friend draw that conclusion? I mentioned speeches I had made outside the house. If he is going to talk about ghost writers, I myself can mention a few that are active on the other side.

Mr. Rowe: But he is doing the speaking right now.

Mr. Green: I have the floor at the moment. I repeat that it is perfectly obvious that the speech which the minister read was a patchwork of speeches.

Mr. Howe (Port Arthur): As was the one which the Leader of the Opposition (Mr. Drew) read.

Mr. Green: That may have been so. As I said, there is no doubt that the speech which the minister read was a patchwork of speeches read by the minister elsewhere at different times, and it contains some real highlights. For example, one was his attempt to paint the wonders of Canada's having an adverse balance of trade with the United States. That was something new, I am sure, in the annals of this house; yet the minister tried very hard to make out a case for that point. As reported at page 5796 of *Hansard* he explained that there was this adverse balance and then he went on to say this:

> In fact, for most countries a current deficit of the same relative magnitude as that now being encountered by Canada would mean serious trouble.

But in the following paragraph he has this to say:

In Canada's present circumstances, however, this deficit is not a reflection of weakness but of strength . . .

And a little further on he added this:

I am astonished when I listen to criticism of the current trade deficit, which is so essential to our current phase of expansion and development.

Those remarks, Mr. Speaker, make one wonder whether it is not time that the minister had a new battery of economists advising him. Certainly, if he is right, all the economists in the country are wrong. I merely pointed out these statements to show how little value can be placed on many of the statements made by the minister last night.

Then he had another statement to make. It is to be found at page 5801 of *Hansard*. There he was trying to minimize the extent to which United States capital has been invested in Canada and he pointed out that on a per capita basis Canadians have more money invested in the United States than have Americans in Canada. It sounded like a good plausible argument until one began to read it; and then one could see clearly why it is said that statistics can prove anything. Here we have two countries and there are 15 times as many Americans as there are Canadians. Yet the minister argued that, because the average per capita of Canadian money invested in the United States was greater than the average per capita of United States money invested in Canada, there was therefore no problem. He almost tried to make us believe that Canada was taking over the United States rather than the opposite.

Then in the positive way in which the minister read this speech he once again—as he usually does—tried to make us and the country believe that black is white. But he never quite convinces himself because he always comes in with an addendum, namely that even if black is not white, we ought to consider ourselves lucky that we have black. In that spirit last night he tried to ram quite large quantities of gobbledygook down our throats.

Mr. Speaker, the amendment proposed by the Leader of the Opposition merited a good deal more substantial consideration than was given to it by the Minister of Trade and Commerce (Mr. Howe). This amendment sets out one of the long-term policies for Canada of the Conservative party and it was brought forth because we believe in the policy that is to be found in that amendment. I propose to read it again. It is as follows:

This house is of the opinion that the welfare of the Canadian people requires the adoption now of a national development policy which will develop our natural resources for the maximum benefit of all parts of Canada, encourage more processing of those resources in Canada, correct the present serious unfavourable trade balances, foster wider financial participation by Canadians in the development of our resources, and promote greater opportunity and employment for a steadily increasing population.

Our objective in that policy would be to make Canada one of the great nations of the world. We believe that is her destiny. We suggest that this policy gives the Canadian people a vision of what this nation can be. We believe that a national development policy—and I stress the word "national" without any apology—if pursued vigorously, would enthuse and inspire Canadians of all ages and would make that vision come true. I suggest to the minister that the Canadian people are not getting much inspiration from any policy or any kind of leadership that has been given by this government in recent months.

In considering this policy I think we should first review Canada's position today—in July, 1956—89 years after confederation. In my opinion here are some of the factors which are of vital importance to a consideration of future Canadian policy. The first is that Canada is still overshadowed by her great and friendly neighbour, the United States. This has been so since confederation and it has been necessary for public men to recognize that fact throughout the whole history of Canada and to adopt policies to counteract it in so far as it was possible to do so. Let us consider confederation itself. One of the main reasons there ever was a Canada was this overshadowing by the United States. Then consider the construction of the Canadian Pacific Railway. That construction took place almost entirely in order that Canada's boundaries might be stretched right out to the Pacific ocean rather than having the whole northwestern part of the continent become a part of the United States. Today the situation is just the same—namely that we are overshadowed by our great neighbour—and it probably will be the same for many generations in the future.

Then the second factor, which is vital in my opinion, is that this neighbour is depleting its national resources, and at a much greater rate than the Americans had ever anticipated. In the course of this debate several references have been made to what is known as the Paley report. As the minister knows, that is a report made by what was called the materials policy commission set up by the President of the United States a few years ago. I believe they reported to him in the year 1952.

I have here an interview with Mr. Paley conducted by the editors of the *U. S. News and World Report* and contained in the edition of that magazine for August 15, 1952. I propose to read two or three paragraphs because they focus attention on the findings made by Mr. Paley and his fellow commissioners. One answer he gave in this interview was as follows:

A. As a nation we have crossed the great industrial divide. We used to produce more raw materials than we used, but now we are using more than we produce. And this is not a temporary situation. In 1950, we had to import about ten per cent of the raw materials we used, and they cost about 900 million in prewar dollars. We estimate that by 1975 we may have to import about three times as much.

Then he was asked:

Q. Then, the days of "self-sufficiency", as you see it, that for generations we have felt that we had, are over?

A. Yes. Our technical people figured that even if we had what we started with—all the materials that were in this country to begin with—it still wouldn't be enough for another 25 years of growing at the rate we've maintained for the last half century.

Another question was this:

Q. What are the principal commodities that are in an unsatisfactory condition today?

A. If you want to get dramatic about it, you could talk about the additive alloys—cobalt, columbium, and such materials as high-grade quartz crystals, mica and industrial diamonds—those materials for which we are largely or completely dependent on foreign supply. But the thing that bothers me most is the lessening adequacy of low-cost supplies of the staples, such as iron, copper, zinc, petroleum, lumber, water for industries, and so forth.

This means that the United States will look more and more to Canada for raw materials in the days that lie ahead, and therefore there will be a more rapid depletion of our own resources than there would otherwise have been. I use minerals as an illustration. There will certainly be a far more rapid depletion of our minerals by reason of this great need which has arisen in the United States. Canada too has a lesson to learn from the Paley report. A few months after it was published, the Bank of Montreal dealt with the question in its monthly *Business Review* for November 20, 1952, and had this to say:

The commission's policy suggestions and recommendations are, of course, directed to the United States administration. But for Canada the moral is clear. We may reasonably hope to benefit richly over the short and middle term from the colossal appetite for materials of our neighbour to the south;

In my judgment, that is the policy that the Minister of Trade and Commerce is working on. The bank review goes on to say:

—and we may rejoice in our wealth of resources and our timely capital expansion program. Yet, if the trend is toward an age of scarcity that can only be averted by major technological developments, we too may be well advised to do some serious stocktaking for the longer range in the midst of our apparent plenty. For, in the words of the commission, "the consumption of almost all materials is expanding at compound rates and is thus pressing harder and harder against resources which whatever else they may be doing, are not similarly expanding."

Then the third factor in Canada's position today, which is very material, I believe, is this. Our friendly neighbour—and no one questions the wonderful friendliness between the Americans and the Canadians—is unwilling to let Canadian products interfere with the United States home market. I need only mention farm products. Time and again in the past few years we have had moves made by the Americans which have affected our sale to them of farm products, and those moves have been taken on the basis that it was not right to their own countrymen to allow our farm products to take the United States home market. Just last week they made a similar move with regard to a mineral, and I refer to nickel. I have here a dispatch of July 5, just five days ago, from Washington:

The United States is trying to free itself from dependence on Canada for its nickel supplies.

The article goes on to say that already some success is being achieved in reaching that objective.

Mr. Howe (Port Arthur): Should my hon. friend not be pleased with that situation, according to his theory of saving our natural resources? The United States is also worried about excessive imports of lead and zinc; perhaps those metals would fit in too.

Mr. Green: I am not quarrelling with the Americans. I tell the minister this, and I hope he will remember, that the reason why the United States is the most powerful nation in the world today is that that nation adopted the policy we are advocating in our amendment. The article has this to say:

This desire to become independent of Canadian supplies, these officials say, forms one of the primary aims of a new nickel-purchasing policy announced recently by the office of defence mobilization, the United States government agency charged with stockpiling essential war materials.

Then it points out that Americans are planning to speed up production of nickel, and there is this further paragraph:

The ODM proposes to achieve that increase by offering to buy nickel from all suppliers on a contract basis at a firm price of 64½ cents a pound, which is about the current market price,—

Here is a point the government of Canada might note.

—and by offering tax concessions to United States producers who undertake to expand production.

Since Canadian producers would not be eligible for the tax concessions, the program obviously favours domestic United States mines.

Then it goes on to point out that Canadian nickel mines are concentrated in a few centres and are therefore very vulnerable to hostile attack. Then there is this report:

At the same time, other sources report that administration circles for some time have been unhappy about a long-standing situation which leaves the United States dependent on one country—even so friendly a neighbour as Canada—for the bulk of its supplies of so strategic a mineral as nickel.

The new program, besides seeking to stimulate domestic output, apparently is aimed at encouraging American firms to build plants to process low-grade ore from Cuba. They could obtain the tax benefits by setting up processing plants in the United States.

Mr. Howe (Port Arthur): Fine.

Mr. Green: Why try to delude ourselves? This has been, is now and will be the basic policy in the United States. As I have said, it is because of that basic policy that they have built such a powerful nation.

Mr. Howe (Port Arthur): Thus they will not be stripping us of metals.

An hon. Member: Sure they will.

Mr. Green: There is no doubt they will be getting all the nickel they want from Canada in addition to getting it from these other sources. The fourth factor which should be considered by Canadians today is this. The Canadian government has been concentrating on trade with the United States. Last year 60 per cent of our exports went to the United States and 73 per cent of our imports came from that country. In this connection we must always remember that we are importing from the United States goods which are far more highly processed than the goods we are sending to them. The very heavy adverse trade balance does not seem to be worrying the minister at all. In fact, he gave us the impression last night that he was very pleased that Canada had such a large adverse trade balance with the United States. To point up the extent of our adverse trade balance I should like to refer to a dispatch I have here of July 6, just four days ago, which has this to say with respect to the importation of consumer goods:

The main rise was from the United States, Canada's top customer and chief source of her imports. Canada's trade deficit with the United States continued to rise to new heights.

Farther on in the article there is the following:

The great imbalance was with the U.S. Exports to the U.S. rose by some $40 million in May—

In one month.

—to $261,700,000—

For the first five months of this year.

—while imports increased by almost $90 million to $404,100,000. . . . For the first five months the Canadian deficit in American trade almost doubled to $625 million from $352,800,000.

The Canadian Statistical Review for June of this year, which we received yesterday, points out on page 4 that the deficit on current account for the first quarter of this year was at a seasonally adjusted annual rate of approximately $1·2 billion. If these adverse balances go on for the rest of the year they will aggregate over $1 billion for the whole twelve months which, as the hon. member for Eglinton (Mr. Fleming) reminds me, will be an all-time record.

The fifth factor which should be considered by Canadians is this. In the last ten years Canada—this has very little to do with any activities by the government—has been discovering raw materials to a far greater extent than at any other time since confederation; oil, natural gas, iron ore, reserves of copper, nickel, uranium, titanium and so on down the list. These discoveries have improved our economy immeasurably. I happened to run across an old advertisement the other day which was published by the government in 1947 when restrictions were placed on trade with the United States. Here is an advertisement headed, "This Is An Emergency—Let's Treat it as Such." The advertisement goes on to say:

Canada is heavily "in the red" in present trading with the U.S. dollar area.

She was not one-half as much in the red as she is now.

In our total trade with the world we are in a good position but not in that part which is done with the U.S. dollar countries.

There is a picture of an oil barrel, a coal scuttle, a bale of cotton and a steel rail, and there are these words:

To keep our industries humming, our living standard high, we need petroleum, coal, cotton, steel and similar essential things.

Our position with regard to at least some of these commodities has greatly improved in the meantime. I realize that the minister said we are still importing as much oil but we are producing a great deal more than we did then. We are to get natural gas and it will be replacing coal to some extent. We have also had the huge discoveries of iron ore. By the way, we should always remember that none of these resources being dug out or pumped out of our soil are inexhaustible. These discoveries have opened wider opportunities for Canadians than we have ever had before, and that very fact alone merits reconsideration of the long-term policy of Canada with regard to future development.

There are obviously two main roads this country can take in the future. I admit at once that it is largely a matter of emphasis. No matter what government is in power, that government will not be able to follow one narrowly confined policy. It is a matter of emphasis. The first road is to continue concentrating on trade with the United States and to stress the export of raw materials. That is the policy this government is following today. I will not say that they are not doing something about processing materials here. They are, but they are not placing as much emphasis on that type of activity as a Conservative government would do. The Liberal emphasis is on exporting raw materials, and that has been the case right down since the time of confederation, as well as their policy of concentrating on trade with the United States.

Mr. Howe (Port Arthur): Would my hon. friend think it is a mistake to exchange raw materials? I would remind him that at the present time the exchange is very much in our favour. We get far more raw materials from the United States than we sell to the United States.

Mr. Green: That was another phony argument the minister made last night. He of course left out of his figuring all the commodities that are only processed to a very small degree.

Mr. Howe (Port Arthur): Such as what?

Mr. Green: Some of the ways in which logs are treated, for example. In that way he arrived at these favourable figures, which in my opinion meant very little.

The other main road which the people of this country can follow is to strive to process more of our raw materials at home and to diversify our trade, in particular to give more attention to trade with the commonwealth. We do not say for a minute that no raw materials must be exported. The member for Vancouver South (Mr. Philpott) based most of his speech on that thesis, which of course was completely wrong. We would follow this second road, and therefore it is from that thinking that we have devised this national policy.

I come back to the terms of that policy. We advocate a national development policy which will develop our natural resources for the maximum benefit of all parts of Canada and encourage more processing in Canada. In effect what it means is this: we would try to get the maximum return from our own Canadian resources for the Canadian people. I come now to British Columbia and I will show how that policy would apply there. We have in British Columbia and the Yukon a body known as the British Columbia and Yukon chamber of mines. They made a submission to the Gordon commission in December of last year which contained this paragraph—

Mr. Lesage: Do you rely completely on this association?

Mr. Green: I think the Minister of Northern Affairs and National Resources (Mr. Lesage) has got enough problems in settling what is to be done about power on the Columbia river without trying to interrupt my speech.

Mr. Lesage: I would not rely on you.

Mr. Green: The organization had this to say:

> We think every effort should be made to encourage establishment of more manufacturing plants in Canada, including those that utilize as their raw materials products obtained from the mines. This would put Canada in the position of not being so dependent upon foreign markets for sale of her mineral production.
>
> At the present time, nearly all of this province's extensive output of such important metals as lead, zinc, copper, iron ore and asbestos, are shipped to manufacturing centres in other parts of the world. An aggressive policy of encouraging new manufacturing industries in Canada, in addition to a continuing program of research, would undoubtedly develop local markets for many of our mineral products.

I can see no reason why other countries would not be just as anxious to get our minerals in the form of ingots, rods, sheets or wires or at least in a semi-processed form as they are to get them at the present time in the raw state.

In British Columbia we have comparatively small deposits of iron ore. We have been trying for years to bring about the establishment of a steel industry. The minister and I have exchanged words on that subject more than once. When I pointed out to him that this iron ore was being dug out and shipped in the raw state in Japanese ships to Japan, and we were buying back the semi-finished product in the form of steel at greatly increased prices, the minister said, "Well, it is a good thing to get the mine developed."

Mr. Howe (Port Arthur): I said nothing of the kind. I said I had no authority to stop it. The reason I had no authority to stop it was that the opposition prevented me from passing legislation which would permit me to do so.

Mr. Fleming: Thank heaven for the opposition!

Mr. Green: The minister did not make any attempt to stop it when he had the authority. I believe he has authority to stop it under the Export and Import Permits Act.

Mr. Howe (Port Arthur): You had better read the act again.

Mr. Green: The minister does not want to do anything about it; that is the trouble. Last night he spoke about iron ore and the fact we were producing so much we had to export most of it. That is not the position on the west coast at all, although it may be in the eastern part of Canada.

Mr. Howe (Port Arthur): Does my hon. friend challenge my statement that I have no authority to stop this export.

Mr. Green: Certainly.

Mr. Howe (Port Arthur): Well, you are quite mistaken.

Mr. Green: Mr. Speaker, I hope you will allow me time for all these interruptions by the minister.

Mr. Pickersgill: But not for provoked interruptions.

Mr. Green: Oh, don't you pop up.

Mr. Pickersgill: I do not take up as much time as the hon. gentleman.

Mr. Green: Your interruptions are not very impressive, and I would advise you to keep out of this debate.

Mr. Pickersgill: If the hon. gentleman has anything to say about immigration, I will reply to him.

Mr. Green: So far as iron ore is concerned, the minister is evidently interested only in selling this abroad.

Mr. Lesage: You had better talk to Mr. Duplessis about that. Ask the hon. member for Three Rivers (Mr. Balcer) about it.

Mr. Green: I am getting a lot of help here, but unfortunately it is not much good. I should like to read to the minister an extract from a speech made by Dr. Hume with regard to the processing of iron ore in Canada. This speech was made on March 9, 1953. He said:

> No one needs to minimize the difficulties of research directed towards the processing of this ore to the pig iron stage at or close to the point of origin.

He was referring to the Quebec-Labrador ore.

> But perhaps a really concentrated effort on the part of Canadian metallurgists and scientists would seem important at the present not only to investigate much more fully possible methods of treatment but if present methods are totally unsuited to conditions as we have them, to devise new methods, an accomplishment surely not beyond Canadian inventive capacities.

Then he said:

> It is suggested as not beyond the possibilities of our research scientists to find ways and means in Canada to utilize electric power and iron ore occurring together in the same area to at least effect a partial processing which would be of immense benefit to this country. The Ontario research foundation has been doing excellent work on the study of iron and our mines branch at Ottawa has a number of scientists well versed in the technology of treatment of all kinds of ores. Thus well directed efforts might accomplish much toward reducing our iron ore to the metal before shipment outside Canada . . .
>
> It is not my intention to advocate extreme views in this regard but even a partial solution would bring great additional wealth to this country and show that we are capable of handling our heritage for the welfare of our nation with not only great credit to ourselves but perhaps by discovering new processes we might bestow great benefits on mankind as well.

And then he said:

> There is no reason, however, to hesitate to tackle the problem because it is hard and with hundreds of millions of tons of iron ore in sight with mining on a large scale assured for many years a success promises rich rewards nationally.

Then just this year Mr. P. E. Cavanagh, director of metallurgy of the Ontario research foundation, had this to say:

> . . . it appears certain that most of this iron ore will be exported to the United States and Europe.
>
> In this situation it is proper for us to consider means of converting some or all of this Canadian ore into semi-finished or finished products here in Canada. Several proposals for establishing new steel industries in Canada to use large tonnages of this iron ore have already been advanced.

So much for iron ore, Mr. Speaker. Then another example is in the production of heavy water. Canada's whole atomic program is based on the use of heavy water. We are giving a reactor to India and we hope to sell reactors to other nations based on heavy water. For some years there was a plant manufacturing heavy water at Trail. It is true it was owned by the United States but Canadians learned how to manufacture heavy water there. A few months ago that plant was closed and now Canada gets all her heavy water from Savannah, Georgia, the only heavy water plant on this continent. Talk about concentration of nickel and the dangers of concentration—there is the only heavy water plant and this Canadian government has apparently made no attempt whatever to have heavy water produced in this country. We are going to require a great deal of it in the future with new reactors and with the development that takes place, but no move has been made to produce our own heavy water. I might go on to deal with other products, other resources, but my time is running out. I think those will suffice as an illustration of what we have in mind.

Then, the amendment mentions the correction of the present serious unfavourable trade balance. If we process our own resources to a greater degree, that of course would go

some way towards meeting this problem of an adverse balance. I suggest also that we should stop this bowing to Washington at all times. This course has been followed by this government ever since the end of the second war. They hurriedly adopted United States arms for our defence forces to just as great a degree as they possibly could. This attitude has been carried on ever since.

The other day the minister announced the changes that had been made in the GATT agreement. He pointed out that the United States had made concessions to Canada, and that they had benefited and that we had benefited. The Montreal *Gazette* punched a hole in that argument very neatly when they said that concessions on an equal basis would be all right if our trade were anything like on an equal basis, but it is not. Before the government starts cheering too loudly about getting equal concessions from the United States under GATT, I suggest that they should take into consideration some way of bringing trade between the two countries more nearly into balance.

At the same time as there has been this bowing and scraping to Washington, we have had an indifference towards commonwealth preferences. Of course, these preferences were fought tooth and nail by the Liberals in 1932. That party, now in power as the government, had no use for them. The former minister of national defence expressed the attitude of the government very clearly when he was questioned in the house about preferences on October 12, 1949, and the late Tommy Church asked him this question at page 705 of *Hansard*:

> May I say to the hon. gentleman that the proposal also hangs preferential trade on the sour apple tree, like John Brown's body.
>
> Mr. Claxton: That is a good place for it too.

Our own Prime Minister, speaking here on June 22, was asked by the hon. member for Prince Albert whether he would be opposed to any extension of the British preference. This is the Prime Minister's answer, as recorded at page 5284 of *Hansard*:

> That is not correct as a general statement. The matter will have to be considered in all its aspects and of course in the light of its possible repercussions upon the general tariff and trade arrangements which are still in force and which have proved to be of quite substantial benefit to Canadian trade.

The Prime Minister obviously is not very much interested in the preferences, and I think the Minister of Trade and Commerce is even less interested than the Prime Minister. Canada should be buying more in the commonwealth and less in the United States, but there is very little indication of a policy of that kind being adopted.

[Mr. Green.]

Finally, the amendment proposes that wider financial participation by Canadians in the development of Canadian resources should be fostered. Even the members of the government admit that this situation should be remedied, but what do they propose to do about it? So far, we have heard no proposal which would meet that situation. Tax exemptions? No, not a word about that. Tax reductions? Oh, no, they are holding off the reduction in taxation in order to help them win an election next year, although there are surpluses now in the moneys coming into the treasury.

Perhaps this is the most important point of all, because here is a case where a vision could be held out before the Canadian people, a vision of Canada for Canadians. The president of the University of British Columbia summed up the picture very neatly when he spoke in Rochester, New York, about a month ago. President Norman A. M. MacKenzie is not a politician, is not a partisan in any sense of the word. He is one of the outstanding Canadians today. Here is what he told an audience at the University of Rochester:

> He said Canada is delighted to have United States capital in the country.
>
> But "some of us like being Canadians and want to remain Canadians, and we are not unaware of the influences and pressures infiltration and intervention of this kind bring with them and imply".

The Acting Speaker (Mr. Applewhaite): Order. I am afraid I must advise the hon. member that his time has expired. I have allowed some time for the interruptions which occurred.

Mr. A. B. Weselak (Springfield): Mr. Speaker, I have listened with considerable interest to the speeches which have been made in the course of this debate. The amendment urges this government to take such steps as will ensure the greater processing of our raw materials in Canada. A great deal has been said in the course of this debate regarding the trade deficit which Canada suffers from at the present time in her trading relations. I think it is only common sense to recognize that any country which is experiencing the industrial development and expansion which Canada is experiencing today requires a great deal of specialized equipment, tooling equipment and other items to expand her industrial potential. I think a striking example of this is the pipe which is being imported into Canada at the present time for the construction of the trans-Canada pipe line which eventually will add a great deal to the industrial development and indeed to production in this country of ours.

In discussing the trade deficit a great deal has been made of the statement that Canada

is suffering an increasing trade deficit as a result of her trading relations. Very little has been said in the course of this debate about the increase in exports which this country is experiencing throughout the world.

In the mail this morning I received the dominion bureau of statistics daily bulletin for Monday, July 9, and the first paragraph makes interesting reading as far as this debate is concerned. The section is headed:

Domestic Exports in May Reached Record Value and Volume

The article states:

Canada's domestic exports reached an all-time high record total for a month of $428,501,000 in May, topping last year's May total of $367,100,000 by 16·7 per cent and bettering the previous monthly peak of $411,700,000 in June, 1953 by slightly more than 4 per cent, dominion bureau of statistics reports in its monthly summary. In the first five months of this year exports to all countries advanced 11·6 per cent to $1,846,300,000 from $1,654,200,000 a year earlier. The volume of exports, also a record, rose 12·5 per cent in May and 7·9 per cent in the 5-month period, while prices averaged 3·8 per cent higher in May and 3·4 per cent in the cumulative period.

I submit, Mr. Speaker, that these export figures indicate an expansion in our industrial economy which is going forward apace.

On the second page of this bulletin are some rather interesting figures in so far as the group values of exports are concerned. These figures are given in millions, with comparisons for the same period last year. Agricultural and vegetable products, $358 million as compared with $297 million last year; animals and animal products, $102 million as compared with $101 million last year; fibres, textiles and products, $8 million as compared with $7 million last year; wood, wood products and paper, $612 million as compared with $597 million last year; iron and products, $154 million as compared with $128 million last year; nonferrous metals and products, $356 million as compared with $326 million last year; non-metallic minerals and products, $110 million as compared with $71 million last year; chemicals and allied products, $98 million as compared with $92 million last year; miscellaneous products, $44 million as compared with $32 million last year. Across the whole range there has been a substantial increase in our exports in the 5-month period this year as compared with last year.

Then, if we look at the main commodities themselves which are entering into our export trade, I think we can get some idea as to what percentage of those commodities form the raw materials to which the Leader of the Opposition has made reference. At the top of the list we have newsprint paper, a fully processed commodity. We find that in the 5-month period of this year exports of this item have increased from $267 million to $290 million. Wheat, which is incapable of processing, and is generally shipped in its natural state, has increased from $134 million to $191 million. Planks and boards dropped slightly from $151 million to $131 million. Wood pulp, which is capable of further processing, increased from $118 million to $125 million. Nickel increased from $89 million to $93 million. Copper and products increased from $59 million to $85 million. Aluminum and products dropped from $88 million to $80 million. Fish and fishery products rose from $45 million to $46 million. Farm machinery and implements are at the same figure, $42 million.

In this whole range of products which are set out on this sheet, actually the only products which are capable of further processing are wood pulp, nickel in some instances, copper in some instances, zinc in some instances and iron ore. These are our main export commodities, and a very small portion of them is made up of commodities that are capable of further processing in Canada. In this respect, Mr. Speaker, I would like to make some comparisons between 1939 and 1954.

It is true that in this 15-year period our exports of raw materials increased by 288 per cent but alongside this export of raw materials we find that in this period the index on durable manufactures rose from 107·9 per cent to 297·9 per cent or an increase of 277 per cent, which is less than the increase in our export of raw materials. The index on non-durable manufactures rose from 108·2 to 222·4 or an increase of 206 per cent. I think these figures indicate that where it has been economically feasible secondary industries have been established in Canada at a pace which compares favourably with the increase in our exports of raw material.

If we look at the exports we find that exports of partially and fully manufactured goods have risen in that period from $511 million to $1,846 million or an increase of 361 per cent which is far in excess of the percentage increase of our export of raw materials. Our total export of raw materials in 1954 amounted to $1,082 million. It is interesting to note that of this total figure 75 per cent comprises agricultural and other products which are generally exported in their natural and unprocessed state. The remaining 25 per cent or roughly $304 million were mineral and forest products which are quite capable of further processing.

In the same period in 1954 we imported $473 million worth of raw materials of the

same category and this figure indicates, as the Minister of Trade and Commerce and other speakers have stated, that we are a net importer of raw materials to the tune of roughly $170 million in the year 1954 and not net exporters.

The official opposition in this house has advocated that a policy be adopted by this government of encouraging the maximum processing of raw materials within this country. In the course of the speeches which we have heard I do not think that any definite statement has been made by the Conservative opposition as to how they would achieve this end or just what actually would be done by them, should they form the government, to increase the industrial production in this country. However, I recall that the manufacturers' association of Canada were not quite as wary as the Conservative party concerning what means they would suggest be employed to achieve this end. They stated point-blank that they felt the tariff structure in this country was not such as to encourage the expansion of secondary industries. I believe the figures I have quoted indicate there has been a progressive expansion of industry in Canada and that industries have located themselves in this country where they have found it profitable to do so.

I do not think that in this country there is a lack of businessmen with sufficient foresight that where an industry can be established within the country which can compete with other industries in the home and the world market any opportunity would be overlooked by those businessmen to establish such an industry within Canada.

If the only answer lies in the suggestion of the manufacturers' association, then the work which has been done over the past 25 years in encouraging international trade would be lost. In addition to that we would create in and for Canada a state of economic isolation. We would try to reach absolute self-sufficiency at the cost of isolating ourselves from the trading markets of the world. I submit, Mr. Speaker, that if we were to follow that policy we would be going against the record of history. A reading of history indicates to me that in 1930 this method was tried. We tried to isolate ourselves from the other markets of the world and endeavoured to create tariff walls to prevent other people from bringing their goods into this country in competition with our own industrial development. The government of that time no doubt sincerely felt this was the answer, but before its reign was over it found this was not the answer, and in 1932 the British preferential tariff was brought in in an effort to open the markets of the world to our primary production.

In 1935 the Liberal government came into power and in 1937 a statement of policy was adopted by Mackenzie King in which he stated that this party would bend every effort toward breaking the shackles which prevent free international world trade. I think this government has done that because in the period during which it has been in power protective tariffs in Canada have been reduced by close to 40 per cent and during that period our trade relations with other countries have increased tremendously and our exports have also increased proportionately. By adherence to GATT and bilateral agreements with such countries as Japan and the U.S.S.R. we have opened new markets particularly for our farm products and we expect these markets will be of great benefit to us in the future.

If we were to follow the suggestion of the opposition to its logical conclusion, it would appear to me we would have no alternative but to create an atmosphere wherein we would establish in this country uneconomic secondary industries which would not be capable of competing in the world markets without a certain amount of subsidization or protection. I suggest that the creation of this atmosphere would have an adverse effect upon the economy of this country. If we were to use protection as a means of achieving this end we would soon find we would lose our markets throughout the world.

As has been aptly said, trade is a two-way street. We must buy a certain amount from other countries in order to receive an open port into their markets, and I think this experience is illustrated by the bilateral agreements which have recently been concluded with Russia and which two years ago were concluded with Japan. On the other hand, if we were to try to subsidize these markets we would of necessity have to tax the people in order to meet the cost of such subsidization. If we were to sponsor or force uneconomic industries to establish themselves in this country we would possibly, as I have said, lose our world markets. We would be restricted to our own local markets and as a result we would naturally have to restrict our primary production because we would have no market for it.

This is a serious thing to us in western Canada. Our primary production through agriculture in western Canada is very great. We are dependent for approximately 70 per cent of our production in grain or foreign

markets, particularly in wheat. The expansion of the discovery of raw materials in western Canada has been encouraged by the markets which have been made available for these products and the effect of the development of raw resources in the western provinces is that there have been established service industries and other light industries which are required to service the raw material industry which has been developed as the result of the discovery of such materials, and they are continuing to develop and establish themselves in those particular provinces.

In my own constituency we have a very large pulp and paper mill which is dependent practically completely upon foreign markets. We have recently had brought about mineral developments in the Bird river and Cat lake areas where many metals are being discovered and which are presently being developed and mine shafts being sunk. If we were to adopt the policy of restricting our exports I am sure that these industries would definitely suffer. In my view, this proposition which has been put before the house should be scrutinized very closely. It has many implications which, if carried to their logical conclusion, would certainly have a serious and bad effect upon the economy of the country.

Hon. W. Earl Rowe (Dufferin-Simcoe): Mr. Speaker, this motion that is now before the house is to my mind an extremely important one. I believe it is much more important than many of the government members and members of the cabinet—what is left of them here—really assume it to be.

Mr. Howe (Port Arthur): Look around yourself.

Mr. Rowe: I realize, Mr. Speaker, that this government feels that everything is well as long as they are there. With reckless abandon they disregard parliament, they disregard the opposition, they disregard the people and they say, "All is well so long as we are here". Yesterday evening the Minister of Trade and Commerce (Mr. Howe), I believe, said that we must not be governed by emotionalism and ignorance, that we must view these matters with common sense or in a spirit of common sense and good will. He said he had listened to the greatest rot that he had ever listened to. Then he said, "Do not let us fool ourselves; there are plenty of natural resources; we are not going to be short. There are plenty of them in the world." He said that it does not make much sense to smelt every ton of iron ore and refine every barrel of oil that comes out of the ground.

I could not help thinking of my three or four-year-old grandson setting up a teddy bear and knocking it down in order to show how strong he was. I could not help thinking how the Minister of Trade and Commerce (Mr. Howe) was setting up these straw men and knocking them down like a little boy with a teddy bear. We have the minister giving us a lecture about emotionalism and talking nonsense in the house; we have a responsible minister trying to say that to this house. It is bad enough when these Liberal henchmen go out in the country and misrepresent the facts in the country as to what this party stands for. But it is worse to stand here in the house and say that the Leader of the Opposition (Mr. Drew) implied at any time in his life that every ton of iron ore should be processed in Canada, that every barrel of oil that comes out of the ground should be refined. Mr. Speaker, there is not an hon. member within the sound of my voice nor a child in the Ottawa public schools who does not know better than that.

Mr. Speaker, what we have said in this motion is consistent with Conservative policy all down through the years. It was Conservative policy many years ago—yes, at the beginning of our history of industrial development—that gave birth to industrial development in this country. Even the most bitter free traders of the day, and even a few that may be left yet who still cling to that old dusty halo of free trade, practise the policy laid down by the Conservative party down through the years, namely to raise tariffs instead of lowering them, and other methods, in order to develop industry in Canada. We have no apology to make for that.

I believe, however, that we have common hopes in this house, independent of party, race, class or creed. As Canadians, I believe that we have common hopes in relation to our national security, the defence of our way of life and our survival itself. We have common hopes that we shall become a strong country, that we shall have more people and that we shall have a greater degree of economic independence rather than dependence. I believe those are the common hopes and aspirations of every man, woman and child in Canada who takes time enough to think. The trends, however, are different. No one can study the trends of our development without realizing this. Perhaps the government, in their smug complacency have not bothered to realize that it is nothing they have done, particularly so far as fiscal policies are concerned—for they have not any—which resulted in the development that has taken place. It is the demand of foreign countries on our resources that are being depleted. It is the demand of $2 billion for expenditures for national defence and other

more or less abnormal features that has kept our prosperity developing as it has lately to a great extent.

There are some things that Canada stands out in. There is no other people with such great resources, as we will all agree. No other country exports more raw resources per capita in world history than Canada has been doing in the last number of years. No other country per capita buys as many of the manufactured goods, the product of other countries' labour, and no other country exports more with less labour. In other words, there is no other country that exports so many dollars worth and that distributes and gives as little benefit to so few people as we do in Canada under our present policy. There is another particular in which Canada stands out. There is no other country in the world that places so many of its trade eggs in one basket. No other country is depending so much on another country. No other country in the free world depends on requirements of other nations so much as does Canada. No other country in the free world needs population more than does Canada and no other country in the free world is increasing its population more slowly.

Why are these things so, Mr. Speaker, in view of the fact that we have an all-time high national product? Surely that should exercise the dullest mind in this house and even in the country. Why do you boast so much about a great national product of $26 billion and promising to be $28 billion while you are employing on new jobs only half as many as you did in 1952. You say a billion dollars less. Why? Because it takes less men to export our products than it does to finish the product where there is 75 per cent to 80 per cent more finished goods in the last ten years. We need a policy. We need it for our national security. We need it for sound prosperity and economic stability.

In the last ten years, Mr. Speaker, 300,000 Canadians have gone to the United States to find employment in fabricating the raw resources that have gone over there from here. In other words, three have gone to the United States for every one that came to Canada or three times as many. Today, Mr. Speaker, as you well know, as many Canadians from your own native province and from your own great race have down through the years gone to the United States to find employment as you have almost in the whole province of Quebec. Yes, Mr. Speaker, there is nothing that will give employment to more people than will the gradual development of our manufacturing industries. It is important. It will give the maximum benefits to the greatest number of people. It will help to equalize these benefits among our people. It will help to level out the benefits that we have heard about in this house, where some districts had 30 per cent less benefits in this so-called prosperity in the last few years. It will help to decentralize our development. It will help develop home markets which after all are the best markets. Hon. members speak of what the government has done. Hon. members have talked about the Beechwood development, and they have talked about the Saskatchewan dam. For years they have brought that out at election time but they have never put it into effect yet and they will not do so until after the next election; and if they thought it would not be a tattered and torn issue they would probably save it for the next federal election as they saved reform of the Senate for the last thirty years in Canada.

Mr. Speaker, we have an all-time high, it is true, in our national production. But at the same time that is dependent to a great extent on other countries. We are more dependent on our export markets than is any other country. Let us consider the United States and the United Kingdom. As someone has said already today, what has made those countries great? What has made the United States to the south of us the most powerful industrial country in the world?

What made the United Kingdom the great power she has been down through the last century? It was the development of her manufacturing industries, even though she had to import a great deal of her raw resources. Here in Canada we have an abundance of raw resources; and yet we are buying more per capita than any other people in the world of finished manufactured goods and we are exporting more of the raw products. We are dependent on others to market our products. We are dependent on the whims of Washington. We are dependent on the policies of France. We are dependent on the policies of Germany. We are dependent for 17 per cent of our total national output on the whims of others who need our products or who may not need them, whilst the great United Kingdom, with all her problems, is only dependent on four per cent of her national output. We deal almost exclusively with one country; 73·3 per cent of all our purchases last year were from the United States of America, while only 8·5 per cent were from Britain.

We have had a lopsided trade policy down through the years. What has been the result? The government speaks about this party not believing in development. I believe that the Minister of Trade and Commerce tried to imply that it was apparent that we were

opposed to development. There is no party in this country that has a record of national development equal to that of the party I represent here this evening. Down through the years, the national development of our own resources for the benefit of our people has been a fixed policy of the Conservative party, in this country for 75 years. The party to your right, Mr. Speaker, has never been conspicuous for that. They were not conspicuous for that when it was created; they were not conspicuous for that after it was first practised. They opposed it all through the years. They even wanted commercial union with the United States in 1895; in 1911 they wanted reciprocity; in 1930 they wanted countervailing duties; they wanted to go to Washington and find out what Washington thought about fixing tariffs and they would fix them the same. They have no fiscal policy. They have no immigration policy. At the present time they boast about their achievements in the past few years, and the Minister of Trade and Commerce has tried to imply that no other country has made such advancement as we have. No other country has been so dependent on other countries for the requirements of raw resources, which are being depleted. The United States to the south of us needs our raw resources and therefore is buying them from us, it is true; but, so far as the development of manufacturing industries and giving employment to our people are concerned, this government has failed dismally.

No other country in the world has had a greater opportunity to develop manufacturing industries, with the raw resources available here, in the last ten years, than this government has had. Yet we find that we have only a 25·6 per cent improvement in our manufacturing development in the past ten years, while France had a 50 per cent increase, the United Kingdom had a 42 per cent increase, the United States had a 35·5 per cent increase, and communist countries behind the iron curtain have had an increase of over 50 per cent. So on that score we have seen the lack of a policy by this government. We have seen a government tired, smugly complacent, self-satisfied and saying, "Everything is well; we will never run out of our resources." Yet our economists tell us that the visible supply of our chief resources in this country at the current rate of consumption will not last more than 30 years.

Probably the Minister of Trade and Commerce, when he says, "That will be enough for us", figures that his government will have pretty well passed by that time. That is not good enough. There is no industry in Canada that could justify its place in the life of this country except by extending equalizing conditions and extending benefits to the greatest possible number of people. There is no other way. If we are going to be true to ourselves and true to our children's children, we will develop that great heritage of resources in a way that will give the greatest amount of employment to the greatest number of people and equalize conditions through the different parts of this dominion, rather than exporting our resources in the raw form.

The Minister of Trade and Commerce and others have chided the leader of this party about his development policy. Members from the province of Ontario and others who wish to observe it know very well that we have in the province of Ontario many monuments to his policies of development when he was premier of that province. In the district I was very familiar with, I am satisfied there were at least $200 million and at least 30,000 people employed merely because of the development of the resources of northern Ontario set out by the Leader of the Opposition, the Hon. George Drew, when he was premier of Ontario. These things are history. You will find that the history of this country's industrial development has been based more on the sound Conservative policies down through the years than any of the expediencies and shot-gun prescriptions that have been put forth by those who have ridden the gravy train in cold wars and hot wars on these matters and are selling our raw products and our heritage too to people who want them—and risking that they will not want them in the years that lie ahead. Will any hon. gentleman, even those in the back benches who say so little and think so much, they say, pause for a moment and think what will happen if we had anything in the way of a world depression, when these countries would not want some of the raw resources? We are depending so much more than any other country on such exports. What would happen? What would happen if we were not spending $2 billion for defence? It would be most conspicuous then that this government would have no fiscal policy, as they have demonstrated down through the years.

The United States, it is true, has depleted its raw resources, but it depleted its resources as old England depleted hers to a great extent. It depleted them for the benefit of its workmen. The United States is rapidly depleting its resources of iron ore for the great industrial plants of the United States. They are sending their finished products over here at a tremendous rate. In the United Kingdom they do the same thing. The history of these countries and the history of any

country that has had substantial and sound development has been through that development.

This government seems so self-satisfied, even in the face of an increasingly unfavourable trade balance. The Minister of Trade and Commerce said last night, though our trade balance would frighten any other country and in fact would almost ruin many countries, that it was a good thing for this country. That is a strange type of thinking. It is a strange type of logic. It is like telling someone, "Sell a little more of what you have every year and keep buying more, but buy more than you sell and you cannot go broke. It will break another country, but it will not break this country as long as we have a government in power that does not listen to an opposition or is afraid to listen to the people and ignores parliament itself."

This year we are now developing in our trade tendencies the greatest unfavourable trade balance that this country has ever known. In March 1956 we bought $4½ million per day more of finished products from the United States than we sold of any of our raw products and all other products combined: $132 million in one month. Yet, even that does not shake the Minister of Trade and Commerce. He says that is a good thing. If that is a good thing, we probably should anticipate a billion and a half, and if it is a good thing probably he and the Minister of Finance will get together and say, "We boasted to the country that we have lowered tariffs at the GATT conference; we will lower some more." If it is a good thing to buy $1½ billion more of manufactured goods which our own people could make, it might be a good thing to buy $3½ billion more. Then we could be truly the hewers of wood and drawers of water that some of the statements of the government indicate they want us to be. I do not think any of the front-benchers have actually said that in the house but it has been said outside, and down through the years for the last quarter of a century, yes, for the last half century, many people in Canada have felt that the policies of the party now in power would eventually, if allowed, bring this country to a state of hewers of wood and drawers of water. This is a term that was used in the past but only lately has it been used by their admirers and supporters.

The government seems to think that all is well. They have no manpower policy. They have no fiscal policy, and when they have neither they do not need an immigration policy. They do not have one anyway. We know that immigration into this country is falling down. We will soon be losing more people than we are gaining. Why, Mr. Speaker, at this late date and in this dangerous trend we hear these tired old ministers boasting about what they have done in the past, about their past reductions in tariffs at GATT conferences. We see them hiding behind the Gordon commission and dreaming and guessing about the population of Canada in 1980, at the same time not saying why because they are exporting more with less work year by year.

It will take the best ingenuity of industrial leaders and executives and labour leaders and the best ingenuity of a new government to safeguard the sound economic independence and development of this ountry. We cannot boast about our raw resources and the great wealth we are bringing into the country. The United Kingdom has been our best market, but on two occasions we have virtually lost it when the Liberal party was in power. Between 1921 and 1930 we virtually lost the whole British market. We lost it for agricultural products between 1921 and 1930 and we have lost it again to a great extent. Yet down through the years we have had favourable trade balances with that country. Even during the past 10 years we had a favourable trade balance with Britain of $3,413 million and yet in the very same period we bought $7,679 million more from the United States than we sold to that country.

Therefore it is not surprising to find that today the United States owns 91 per cent of our mining and smelting business. It is not surprising that they have a 75 per cent interest in our industrial concerns. It is not surprising that about 50 per cent of all our industrial and primary activities in Canada are controlled by United States investment because we have given it to them in trade balances. On the other hand, despite what the ward politicians out in the country may say, the Conservative party led by the Hon. George Drew has never at any time said that they were opposed to United States investment.

Some hon. Members: Oh, oh!

Mr. Rowe: My hon. friends laugh. If you would listen more and laugh less you would learn more about what has been going on in this country down through the years because that was the established policy of this party before some of you laughing boys were born. Who was it who developed the industries of this country? What was it that developed them more than the imperial trade agreement, even in the days of the depression? Many of the biggest industries in Canada today were established here because

of the imperial preference agreement brought about by the Hon. R. B. Bennett in 1931.

Where was your party in those days? You were opposing the policies of the imperial preference. Only one among all your members supported that policy at that time and he was almost ostracized. At least there was one Liberal at that time who voted as he thought, independent of the crack of the whip. Those were difficult days. It is all very well to talk about those difficult days and blame them on a government. You might as well blame them on the United States where there were 12 million people unemployed. You might as well blame them on Britain where there was almost a revolution, or on France. Throughout the world 35 million people stood idle between 1930 and 1935. Yet during those years of depression more industries were brought into Canada under the imperial trade agreement preferences than at any time of normal business prosperity.

Mr. Pickersgill: Oh, oh!

Mr. Rowe: My hon. friend laughs. He was just going to school in those days and he has not learned much since.

Mr. Nowlan: Are you sure he went to school?

Mr. Rowe: My hon. friend laughs but he knows very well that the government in power at that time, for which he was such a good secretary along with half a dozen more secretaries who were more important than he was, lost every market we had in Britain by 1930. We were buying Danish bacon to feed our own people and your party went out of power. We did not bring about the depression. You left it on our doorstep.

Mr. Pickersgill: You made it worse.

Mr. Rowe: You left every lumber yard that was not burned bulging with unsold lumber. You left every elevator filled with unsold wheat and you lost every important market for agricultural products overseas. You left more people unemployed following your regime than at any other time in our history. We had it left on our doorstep. He laughs best, Mr. Speaker, who laughs last, but I will remind my hon. friend that when the history is written of the development of this country it will be told that the party I have the honour to represent in speaking today is the party whose record of policy has been closely associated with the record of our development down through the years. The party that my hon. friend, the little Minister of Citizenship and Immigration (Mr. Pickersgill), represents has been the party of expediency down through the years. They look north and south trying to develop trade with the United States and climax it at last by our having more trade with one country than any other country has ever had with another country in the history of the world's business. You are depending more on the whims of Washington, as you tried to do years ago, than at any time in our history.

Mr. Pickersgill: Back to Bennett.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. Rowe: I realize, Mr. Speaker, that under the new standing orders I have only a few minutes to conclude the remarks I was making this afternoon. I wish to summarize what I was saying in connection with our hopes for the development of this country, the employment of our people and the equalization of conditions amongst the various parts of this dominion. I feel that the amendment moved by the Leader of the Opposition (Mr. Drew) is one which should have been given more serious consideration than it has by this government which has shown distinctly today, and in the last few months, that there is a clear-cut difference of opinion between the government of the day and Her Majesty's loyal opposition. This government has shown all down the years that they believe the development of this country is to be achieved by the exhaustion of our vast resources for the immediate gains that might be brought about through employment of our people. We of Her Majesty's loyal opposition have, since the early days of Sir John A. Macdonald, believed in the development of our own resources for the development of our own people and for the equalization of conditions in the long term interest.

The Leader of the Opposition followed that policy in the days when he was the premier of the province of Ontario, and has emphasized and re-emphasized that the great resources we have, like the great estates of any country or any family, are not inexhaustible. We are the trustees of those resources and we should plan for the future, for future generations. We should try to husband those resources and not to reap the immediate benefits that the members of the government seem prone to emphasize and boast about. As the Leader of the Opposition pointed out yesterday, many of our major resources in this country, great as they are, could be

exhausted at our current rate of consumption within 30 years. Stop and think about it! Some of you men who have children, and who expect their children's children to have opportunities in this country, will realize that these resources should not be exhausted, like the nickel and other resources of this country, in a period of 30 years.

This government has grown very smug and complacent. They have been in power so long, they think nothing matters as long as it does not happen to them. I realize that the Prime Minister (Mr. St. Laurent) is just back from the conference in the United Kingdom. Before he went the Leader of the Opposition urged upon him that he call a conference of the commonwealth prime ministers. The Prime Minister told us on his return that it had been intimated to him that it was not desirable now. He left the impression it may have been intimated by anybody, but it was asked by the Leader of the Opposition and it was refused by the Prime Minister, who took no recommendations over to the conference and brought nothing back. As a matter of fact, he contributed very little to the conference except to tell them how Mr. Eisenhower was going to run his election in the United States. That is not good enough. He told them that about President Eisenhower. If the Leader of the Opposition had said anything like that, he would have been condemned right across the country for interfering in international affairs. The Prime Minister said, "I do not tell you where I stand on anything; I brought nothing in my hands and I take nothing back. I said in the house that I would not do anything without their approval, but I tell you now that President Eisenhower of the United States will make no statement on any great international problem until after the next election." In other words, he interprets Mr. Eisenhower as playing politics, as the Grit politicians in Canada have played it for the last 25 years. Nothing but expediency of the moment: that is the keynote of what you did while you were over there at the prime ministers conference.

I am glad you are back and looking so well.

An hon. Member: You do not mean that.

Mr. Rowe: I am glad the Prime Minister has returned in such good health. He looks well. However, no one should look badly who travelled over that long distance and did as little as he did. We have pleaded with you for five years to have an imperial conference. Do you want this trade to continue with a balance of $7 billion or $8 billion favourable to the United States, as in the last 10 years?

[Mr. Rowe.]

Mr. Deputy Speaker: Order. Having been advised by the Clerk that it is six minutes past eight o'clock, it is my duty under standing order 56 to put the question on the amendment.

The house divided on the amendment (Mr. Drew) which was negatived on the following division:

YEAS

Messrs:

Aitken, Miss
Argue
Balcer
Barnett
Bell
Blackmore
Blair
Brooks
Bryce
Bryson
Cameron (Nanaimo)
Campbell
Cardiff
Casselman
Castleden
Charlton
Churchill
Coldwell
Diefenbaker
Drew
Dufresne
Ellis
Fairclough, Mrs.
Fleming
Gagnon
Girard
Green
Hahn
Hamilton (Notre Dame de Grace)
Hamilton (York West)
Hansell
Harkness
Hees
Herridge
Hodgson
Holowach
Howe (Wellington-Huron)
Johnson (Kindersley)
Johnston (Bow River)
Jones
Knight
Knowles
Leboe
Lennard
MacLean
McCullough (Moose Mountain)
McGregor
McLeod
Monteith
Nesbitt
Nicholson
Nowlan
Pallett
Patterson
Perron
Poulin
Quelch
Regier
Robinson (Bruce)
Rowe
Small
Smith (Battle River-Camrose)
Stanton
Starr
Stewart (Winnipeg North)
Thomas
Tustin
White (Hastings-Frontenac)
White (Middlesex East)
Winch
Zaplitny—71.

NAYS

Messrs:

Anderson
Applewhaite
Ashbourne
Balcom
Batten
Benidickson
Bennett
Blanchette
Boisvert
Bonnier
Bourget
Brisson
Brown (Brantford)
Brown (Essex West)
Buchanan
Byrne
Cameron (High Park)
Campney
Cannon
Carter
Cauchon
Cavers
Decore
Deschatelets
Deslieres
Dickey
Dumas
Eudes
Eyre
Fairey
Follwell
Forgie
Fraser (St. John's East)
Gardiner
Garland
Gauthier (Lake St. John)
Gauthier (Portneuf)
Gingras
Gour (Russell)
Gourd (Chapleau)
Gregg
Habel
Hanna
Harrison
Healy
Hellyer

Henderson	Monette
Hollingworth	Nixon
Hosking	Pearson
Houck	Philpott
Howe (Port Arthur)	Pickersgill
Huffman	Pinard
Hunter	Pommer
James	Power (Quebec South)
Jutras	Power (St. John's West)
Kirk (Antigonish-Guysborough)	Prudham
Kirk (Shelburne-Yarmouth-Clare)	Purdy
LaCroix	Reinke
Laflamme	Richard (Ottawa East)
Lafontaine	Richard (St. Maurice-Lafleche)
Langlois (Gaspe)	Richardson
Lapointe	Roberge
Lavigne	Robertson
Leduc (Jacques Cartier-Lasalle)	Robichaud
Leduc (Verdun)	Robinson (Simcoe East)
Lefrançois	Ross
Legare	Roy
Lesage	St. Laurent (Quebec East)
Lusby	St. Laurent (Temiscouata)
MacKenzie	Schneider
MacNaught	Shipley, Mrs.
Macnaughton	Simmons
McCann	Sinclair
McCubbin	Smith (York North)
McCulloch (Pictou)	Stick
McIlraith	Stuart (Charlotte)
McMillan	Thatcher
McWilliam	Thibault
Mang	Tucker
Marler	Villeneuve
Masse	Vincent
Matheson	Weir
Meunier	Weselak
Mitchell (Sudbury)	Winters—122.

Mr. Gillis: Mr. Speaker, I was paired with the Minister of National Health and Welfare (Mr. Martin). Had I voted I would have voted for the amendment.

And the Clerk proceeding to announce the result of the vote:

Mr. Speaker: Before the Clerk announces the result of this division, I heard at a certain moment cries of "order" on the part of some hon. members presumably because a member entered the house while the division was in progress. If that is so, the vote of that hon. member cannot be counted and therefore the vote of the hon. member for Rosedale (Mr. Henry) will not be allowed. See standing order 12(2).

And the result of the vote having been announced:

Mr. Speaker: I declare the amendment lost.

Mr. Hahn: Mr. Speaker—

Mr. Knowles: Mr. Speaker—

Mr. McMillan: Mr. Speaker—

Mr. Speaker: Order. I see that two hon. members are now competing for the floor.

Some hon. Members: Three.

Mr. Speaker: I will have to bring the matter to a head. I see that the C.C.F. party has had only one speaker in this debate and I also see that the Social Credit party has had only one member speak in this debate, but I will have to bring the matter to a head. I give the floor to the hon. member for New Westminster.

SUGGESTED SUMMER RECESS FOR MEMBERS

Mr. F. G. J. Hahn (New Westminster): Mr. Speaker, the grievance I intend to raise is one in which every hon. member of this house is interested because it affects not only my riding but the riding of every hon. member in this house and I would say it possibly affects every Canadian citizen as well, at least those who are interested in what is being done in parliament today. It is not my intention to speak to it at great length because I feel the interest in this subject indicated by certain hon. members of this house is such that every hon. member who cares to do so should be permitted to speak to it.

My grievance is that we as members of parliament do not declare a recess period in summer to afford ourselves an opportunity to visit our constituencies as we should. There are a great many members in this house who are fortunate enough to live within a very short distance of Ottawa and they are able to come here without spending a great deal of time in travelling. I can fully understand that they would feel it is not at all necessary for us to adjourn for the summer recess and go home so that we can visit our constituents. However, Mr. Speaker, may I point out to those hon. members that there is a great deal of difference between the time it takes to travel, let us say from Ottawa to Vancouver or Victoria, or the far-flung parts of the maritimes, and the time involved in travelling from Ottawa to a city like Toronto. For that reason alone, if for no other, I think it is necessary for us to rearrange our business or else find some other means of transportation to enable those members who live a long distance from here to get home to see their constituents.

We in this parliament like to think we conduct the business of the nation in such an excellent fashion that we should receive high praise for it. On the contrary, I would say we mishandle our affairs here by failing to recognize the need for hon. members to go home to see their constituents as well as in the fashion in which we conduct ourselves, which is much worse than most of the Polly pigtail clubs or other literary clubs in the country.

May I point out that to reach the city of Vancouver by train, which is our common mode of travel, it requires at least four nights and three days by ordinary rail traffic—although the Canadian and the super-continental do it more quickly—and it requires another four nights and three days to

return. In other words we must spend at least a full week in travelling across the continent if we wish to see our constituents. On the other hand it is only a matter of an overnight trip to the city of Saint John, New Brunswick, and those who are fortunate enough to represent a riding in New Brunswick do not find themselves in the same awkward position as do we who come from the far west of our fine country.

I contend, Mr. Speaker, that we owe it to our constituents, to our families, to ourselves and to Canada that we have the right to declare a recess here and go home during the summer months when most of our families are on holidays so that at least we may have the privilege of seeing them from time to time. During my short period in this parliament—a matter of three years—we have had three summer sessions. As I stated earlier, I can understand the need, or the lack of need, as is manifest, with respect to the people or the representatives from Ontario and Quebec who live near Ottawa. I can understand that there is no need for a holiday so far as they are concerned. They can go home and examine their constituencies at their pleasure over the weekend or they may meet their constituents over the weekend. As has so frequently been suggested by members in this house, we have our "T to T" boys in the chamber who do not necessarily stay here but who find that their business takes them home and rightfully so. It is much easier to handle the problems of your constituency at home when you have before you the person who has the problem and can discuss it with him at first hand.

I say this. Let us use some common sense. Let us show the intelligence with which we are endowed. Certainly there is no need for us to carry on here year after year during the summer months. We find, for instance, that industry declares a certain holiday for its employees. Management recognize the need for the employees to have a holiday. Management also recognize the fact that they themselves must have a holiday. The holiday might be only for the purpose of visiting their families or their friends. I am not pleading for a holiday, Mr. Speaker. Rather I am pleading for the opportunity for us to get home legitimately, go and see our constituents, talk to them as we should like to do, and hear of their problems at first hand.

The hon. member for Macleod (Mr. Hansell) earlier this session asked the Minister of Transport (Mr. Marler) to give some consideration to allowing members of parliament from British Columbia and the far west and from the maritimes to have air transportation—that is to have a pass on Trans-Canada Air Lines—once a session or more often in order to visit their constituencies. When the Minister of Trade and Commerce (Mr. Howe), in the absence of the Minister of Transport, answered the question he was taking it as notice and we have not heard any definite decision on it since. But understandably, I say, as we have heard in the railways, canals and telegraph lines committee room from time to time from the representative of the air lines, Mr. McGregor, this would be a very costly thing as far as Trans-Canada Air Lines is concerned. Seats are at a premium on our air lines. It is a very costly matter. It costs $312.45 to go from here to Vancouver by plane return. To some or to many, possibly, that is not too big a sum and probably they should use their funds for that purpose and spend more time in their constituencies.

Possibly it might be considered that the 21 days we are allowed is sufficient to spend in our constituencies. But, Mr. Speaker, I find—and I am satisfied that many members in this house who have spoken to me on this very same question find the same thing—that the 21 days is in itself not adequate. We must feel free to leave this chamber with the knowledge that the estimates in which we might be interested or some vital piece of legislation that is still before the house or might come before the house might not be brought into the chamber while we are at home and we would not have our constituents tell us that we should have been in the House of Commons to speak to that particular question.

The opportunity for members of parliament to take part in the normal civic affairs on Dominion day and other holidays during that season is lost because we find that it is necessary for us from the far west to stay in this chamber to take part in the discussions or to look after our business from this point of view. After all, that is the reason we are being paid; or one of the reasons we are being paid is to be doing our business in Ottawa. It is true that we might go home and say, "We are home on parliamentary business". I would admit that. But, Mr. Speaker, as I said earlier, it takes us four nights and three days by train to reach Vancouver and another four nights and three days to come back; in other words if we are to spend a week in our constituencies, it would take three weeks for a British Columbia member to do his job at home and use the train going and coming. Mr. Speaker, I feel that that is a mistake. We should declare a recess just the same as would any other common-sense business enterprise, and get our business done. I am satisfied that if that were done and if we, let us say, declared our recess some time before July 1 and had

only one month recess or two months, as the case might be, whatever is decided upon, we would get a great deal more business done before June 30 than we are getting done at the present time. I think that a great deal of our time is being spent in not doing the business that we have been sent down here to do because so many of us,—and not for political reasons—by reason of the fact that they cannot see their constituents, are frustrated from time to time by knowing full well that certain of the estimates or other business will be before the house when they are at home trying to look after their constituencies.

We recognize, Mr. Speaker, that there is need for a recess period at Easter so that members of parliament can go home to see their constituents at that time. How much truer it is to recognize the fact that it is more important to go home during the early part of July or all of July and part of August and carry on later in the year again and finish the legislation in a common-sense fashion. Mr. Speaker, it may be that the Prime Minister (Mr. St. Laurent) and the government may feel that it is impossible for us to finish our business in ten months' time. I have been given to understand heretofore that the government has felt that we should finish our business by June. This suggested procedure would at least give them the opportunity of trying to get it done by that time. Certain individuals may argue that it might be impractical, that we might reach the stage, let us say, toward the end of June when it became apparent that an extra week of sitting would finish our legislation and we would be finished for the year. To them I would say that certainly we should be able to revise the rules in order to make it possible for us, by unanimous consent, to decide to continue to sit for that extra week, as the case might be, and finish the business for the year. But, Mr. Speaker, I feel—and I am satisfied that there are many more in this house who feel likewise—that we should have a recess during which we can visit our constituents and for which we can plan so that we can tell our constituents we will be home during that particular time of the year. I find that the constituents—many of them in my riding at least, and I am satisfied that the same applies to many other ridings—do not realize that their legislators do not regulate their business so that they can be home for events such as Dominion day and on other occasions, as they might expect them to be.

I would say that we should change our rules to call for a recess possibly of one month—it might be found convenient to have a two-month recess—not for holidays but to go home so that we can look after the business properly as we are expected to do in our own ridings, at least during the summer months.

Mr. Knowles: Mr. Speaker—

The Acting Speaker (Mr. Applewhaite): Is the hon. member for Winnipeg North Centre (Mr. Knowles) following the same grievance subject or opening a new subject?

Mr. Knowles: My subject could be related to what the hon. member said, but a part of it will be different.

The Acting Speaker (Mr. Applewhaite): The hon. member who is following the same subject.

Mr. Knowles: This is not a put-up job, is it?

Mr. Byrne: You have a suspicious nature.

Mr. C. W. Carter (Burin-Burgeo): I was very much interested in the remarks just made by my hon. friend from New Westminster (Mr. Hahn), because he echoed thoughts which I have entertained ever since I came to this parliament. Hon. members will appreciate that the thoughts of those of us who live down by the sea go back at this time of the year to the balmy breezes coming in from the Atlantic ocean and the smell of the salt water and the seaweed. We find it quite a sacrifice to exchange those pleasures and beauties of nature for the steamy hot weather of Ottawa, particularly in view of the ordeal we all suffered so very much last year. This year we have been more fortunate, and the weatherman has been extremely kind, but I do not think we can bank too much on his indulgence in that respect.

My chief complaint about these long sessions is that they interfere so much with family life. I have known constituents to say, "We elect the members; we send them to Ottawa; we pay them $8,000 a year and $2,000 for expenses; and they should be very grateful. What have they got to complain about anyway?" I should like to tell the world that there are many easier ways of earning a living than coming here to Ottawa, and the $8,000 a year remuneration that I get in no way compensates me for the sacrifice that I have to make in family life.

Last year I came to Ottawa early in January. I got home for a week at Easter, and then we were here till the end of July. It takes five days to travel by rail to my constituency, and it was the first week in August when I got home. I had a week's rest and then I started to go around my district. I can tell hon. members that my

district covers almost 1,000 miles of coast line and contains 260 different settlements. Each one of these settlements expects to see its member at some time in between sessions. I myself find it necessary to make that trip to find out what is going on in my district, because communications are so poor that the only way to find out is to get first-hand information. Last year it was December before I completed my trip around my riding. I can tell my hon. friends that when daylight saving time goes off and the days begin to get short it is no picnic travelling around the south coast of Newfoundland in all weathers, sometimes tied up for two or three days or a week at a time in a settlement on account of bad weather. I got home about the middle of December last year.

I had no time at all with my children last year. They were out of school before I left here and they were back in school again before I finished my trip around my district. I was home in December for about two weeks, and this year early in January I had to leave again to come up here. This year I was a little better off because I had a week extra on account of a conference. But except for that, I was here this year until Easter, when I had another week or so at home. Now it looks as though we shall be here again all this summer, at least for all of July and possibly for part of August. So again I shall have no time with my family. My children were out of school in the middle of June, and before I get home they will be back in school. I can tell hon. members that it is impossible to compensate for the sacrifice in family life by dollars and cents. That is one sacrifice that members who live a great distance from Ottawa have to make.

Perhaps many of us would not complain at making that sacrifice if we felt it was really necessary. I have been here now since 1949 and I have not seen any session that could not have closed and completed the business at least six weeks earlier than it did.

Some hon. Members: Hear, hear.

Mr. Carter: Certainly last year—

Mr. Fleming: Is that why we had closure?

Mr. Carter: I am sorry; I am all for closure. I do not think we have enough closure. I hope that from now on we shall make a regular practice of having closure on every bill. If we get ten days on a bill, we are pretty stupid if we cannot put forward all the arguments for and against it in 60 hours.

Mr. Rowe: That is one man well trained.

Mr. Carter: We are not helping parliament's prestige by endless repetition and mere sounding off without adding anything to any debate.

Mr. Rowe: Why not have closure and send in for your cheque?

Mr. Hees: Why not sit down now?

Mr. Carter: I want to give my hon. friend some good advice, which I hope he will listen to and practise.

Mr. Hees: You are giving us advice but not good advice.

Mr. Carter: Perhaps my hon. friend is not able to discern good advice. If he would listen a little more and practise what he learns a little more he might accomplish something.

Mr. Hees: Get her all wound up again. Let her go. Come on, boy. He has lost his place.

Mr. Carter: I do not speak very often but when I do speak in a debate I can manage to say everything I want to say in half an hour.

Mr. Hees: You can say it in five minutes.

Mr. Carter: I have seen too many of my hon. friends on the opposite side of the house stand up, talk for 40 minutes and say what could be said in five minutes. There is another aspect, apart from this unnecessary absence from one's family, which I think is a terrible thing. I do not think it is good for members, I do not think it is good for parliament, and I do not think it is good for our constituents. As the hon. member for New Westminster (Mr. Hahn) said, there should be a stated time when we could plan visits to our districts. We should be able to spend more time there than we do now. We cannot do it as long as we are here just talking sweet nothings.

Mr. Nesbitt: Like now.

Mr. Carter: No, this is something worth listening to, and I hope the hon. member will let it sink in.

Mr. Sinclair: These Ontario members do not understand the problem. They are home every week.

Mr. Carter: Another aspect is that we are all very conscious of the taxpayers' money. We make considerable fuss when we think the taxpayers' money is being wasted. I do not know any way in which the taxpayers' money is wasted more than it is in endless futile talk. This parliament costs money. Every minute that an hon. member spends occupying the floor is costing the taxpayers money. Every unnecessary minute is money wasted. If we prolong parliament 20 per cent longer than is necessary that 20 per cent extra cost of parliament is sheer waste of the taxpayers' money.

I want to support what my hon. friend said about air travel. I do not think it is an

unreasonable thing to expect to be provided with air transportation. Members who live at the extreme ends of Canada, at least 500 miles from Ottawa, should have the privilege of travelling by air. This would put them on a par with hon. members who live in the central provinces. Most members from the central provinces can go home on the week ends. Certainly that discrimination should be done away with and that can only be done by granting air travel privileges. I do hope that the government will give consideration to this problem because I think what has been suggested is in the interests of parliament and of the members of parliament. We should be able to spend the odd week ends with our families. We should be able to spend the odd week ends with our constituents. In my opinion any provision that will facilitate that end will be in the interests of parliament.

Mr. Knowles: Mr. Speaker—

The Acting Speaker (Mr. Applewhaite): The hon. member for Kootenay East indicated when I did not see him before that he wished to follow the same line of argument. If I am correct in that and the hon. member for Winnipeg North Centre does not, then I recognize the hon. member for Kootenay East.

Mr. Ellis: It is all arranged in advance.

An hon. Member: Oh, shut up, Ellis.

Mr. Ellis: A Liberal-Socred coalition.

Mr. J. A. Byrne (Kootenay East): Mr. Speaker, if I thought for one moment that the hon. member for Winnipeg North Centre (Mr. Knowles) was going to follow the line introduced by the hon. member for New Westminster I would be indeed pleased to allow him to take the floor at this time.

Mr. McIlraith: He has just been home.

Mr. Byrne: My memory harks back several years to the time when some hon. members were seeking to do something for members of parliament. It is a great axiom of long standing that the Lord helps those who help themselves, but the members directly opposite me are always pleased to ride along on the coattails of those of us who are prepared to stand up and take criticism, rightly or wrongly, when we attempt to do something about the conditions affecting members of parliament. Perhaps my training in the past leads me to take the position that when people help themselves they are indirectly helping others.

As a trade unionist and miner I always found that when I was able to get a higher rate of pay or more dollars per foot for the breaking of rock I was helping my fellow workers. So far as I have seen, that has not been the policy of the members directly opposite. I said that my memory harks back to the time when members sought to do something to alleviate the situation that left members in very dire financial circumstances after having served seven to eight months here in Ottawa and having to undergo the very great expense that is a part of being a member of parliament. They were certainly a rear guard and far in the rear when it came to the point of assisting us. As a matter of fact, they were all for it behind the curtains when they came and spoke to me about the pay increase, even suggesting that $12,000 might not be too much. They said that they would not go for that but that $10,000 was perfectly all right. However, they then rushed in with amendments to reduce that amount to $8,000. I would not suggest for a moment, of course, that that was done for political purposes. I am sure it was entirely for the benefit of the taxpayer. However, I leave that to your imagination.

The question of holidays in the summer, which was brought up by the hon. member for New Westminster, no doubt is a good one, but I think that the committee that spent several years changing and attempting to improve the rules of parliament perhaps did not go far enough in its deliberations. We had hoped that the improvement in the rules would have streamlined the procedures in the House of Commons so that the business of the house could at least be completed in six months. That, of course, has proved not to be true.

Mr. Ellis: If we did not have to listen to speeches like this we would get through.

Mr. Byrne: Has the hon. member something to say?

Mr. Ellis: If we did not have to listen to speeches like this we would get through.

Mr. Byrne: The hon. member takes exception to listening to speeches—

Mr. Ellis: Like this one.

Mr. Byrne: —that are not to his liking. Of course, I realize that some of the things I said a few moments ago are not to his liking but I have listened endlessly to the hon. member. I recall that earlier today and on several occasions in the past he has been likened to the foghorn in the harbour at Vancouver. That becomes a very tiresome sound if you happen to come from the interior of British Columbia, as I do. I can assure the hon. member that I have sat here endlessly listening to speeches by him that have been anything but invigorating and

have certainly led me to believe that the rules should have been improved upon a great deal more and should perhaps even go so far as to say who should be members of the House of Commons.

Now, I have been attracted by those people directly opposite who have perhaps taken up three-quarters of the pages of *Hansard* during the past session. Of course, there was one debate when they were outstripped, but generally they are occupying the floor and wasting much of the time of the house, so they should not feel too disconcerted if at this time we try to do something for the members of this house, and indirectly something for the people of Canada.

It has been suggested that a member should have at least a limited pass on Trans-Canada Air Lines, and Canadian Pacific Lines should not be overlooked in this regard. I do not believe these companies should be expected to indiscriminately issue passes. Perhaps it would be a better method if we were allowed to travel on the air lines and charge the expenses to the House of Commons. The T.C.A. should not be expected to make up the losses that may result from members travelling to far eastern Canada or far western Canada. Members at least should be given the right to travel home to their constituency two or three times during a session. In this way members would be enabled to provide some service to their constituents, and would be placed on an equal footing with members who are living in the central provinces. I would certainly support such a suggestion because it is not a good arrangement for a member who comes to Ottawa to move a young family to Ottawa for six or eight months of the year. It breaks up the school year, and the cost of maintaining two homes is certainly prohibitive.

As was pointed out by the hon. member for New Westminster (Mr. Hahn), a member should be able to visit the various parts of his riding to hear the complaints and requests that his constituents may have. The hon. member from Newfoundland—I shall not try to pronounce the name of the riding—has pointed out that it requires a great deal of travelling to get around to the various points. While most of my travelling can be done by automobile, still the riding is approximately 300 or 350 miles long and 150 to 200 miles wide. If we are going to be sitting here seven or eight months of the year, and are expected to get around the entire community, then something should be done to enable us to visit the constituency periodically during the session. We might even this year have been able to find that our constituents were more enthusiastic about building a pipe line than was evidenced from the letters that we received which would have given us a great deal more persuasion to carry on this great struggle we had to put up.

Now, those are my reasons for feeling that something should be done either to provide for shorter sessions or to enable a member to visit his riding periodically. While I cannot give wholehearted support to the summer holiday idea, I do think we should conduct the business of the house more efficiently and be able to get the work done within six months.

The Acting Speaker (Mr. Applewhaite): I see several hon. members. Does the hon. member for Wetaskiwin wish to—

Mr. Stewart (Winnipeg North): It has been customary in this house, although not always usual, when two members rise, one member for a larger party and one member for a smaller party, one substantially senior in service, that the one who was senior was seen. On this occasion such did not happen. I wish to tell you why, Mr. Speaker; because the hon. member for Winnipeg North Centre (Mr. Knowles) informed His Honour tonight he would like to speak and he was sufficiently ill-advised to tell the Speaker that he wanted to speak about something affecting His Honour—

Some hon. Members: Order; sit down.

Mr. Stewart (Winnipeg North): I condemn the shabby conduct of the Speaker.

The Acting Speaker (Mr. Applewhaite): Before the hon. member goes any further, he will permit me to tell him and the house that I saw the hon. member for Winnipeg North Centre every time he rose.

Mr. Stewart (Winnipeg North): You were not in the chair first.

The Acting Speaker (Mr. Applewhaite): The hon. member for Winnipeg North Centre, having quite frankly said he did not propose to follow the same line as was introduced by the hon. member—

Mr. Stewart (Winnipeg North): I am not talking about you, I am talking about the Speaker.

Some hon. Members: Sit down.

The Acting Speaker (Mr. Applewhaite): If the hon. member for Winnipeg North is rising on a question of privilege which occurred before the present time, then surely the time to have raised it was at the time.

Mr. Stewart (Winnipeg North): I did not see the plot.

The Acting Speaker (Mr. Applewhaite): Order. I think the hon. member for Winnipeg North might pay me the same courtesy which I am trying—

Mr. Stewart (Winnipeg North): I do not know what right you have to be occupying the chair. I do not know what right any of the three elected officials of this house have to be in this chair. What has happened tonight is shameful.

The Acting Speaker (Mr. Applewhaite): I would suggest to the hon. member for Winnipeg North that as he knows—I am afraid it has been drawn to the attention of this house on more than one occasion—there is a procedure he can follow if he wishes to question my right to occupy the chair. At the moment, of course, he knows that it is because the house saw fit earlier in the session to elect me as deputy chairman of committees, and under certain circumstances I find myself occupying this chair.

I think perhaps the matter which has been raised by the hon. member for Winnipeg North should not be allowed to drop there, but I do feel this, that the debate which I happen to be presiding over at the moment is a time limit debate and any time I take now is going to be taken from one of the members who has a chance to speak between now and the expiry of the two hours and six minutes.

When I was interrupted, I was asking the hon. member for Wetaskiwin (Mr. Thomas) whether or not he proposed to follow the same grievance line which has been discussed by previous members?

Mr. Thomas: Yes, Mr. Speaker.

The Acting Speaker (Mr. Applewhaite): The hon. member for Wetaskiwin.

Mr. Cameron (Nanaimo): I want to speak on the same grievance, Mr. Speaker.

The Acting Speaker (Mr. Applewhaite): I am sorry, did the hon. member for Nanaimo have a question of order?

Mr. Cameron (Nanaimo): No, I want to speak on the same grievance.

The Acting Speaker (Mr. Applewhaite): I shall remember that when the hon. member rises. In the meantime, I have seen the hon. member for Wetaskiwin.

Mr. Ellis: Haven't we any rights here at all?

Mr. Ray Thomas (Wetaskiwin): Mr. Speaker, I rise on the same question of privilege as that raised by the hon. member for New Westminster. Unfortunately, I am going to have to disagree with the stand that he took because I feel it would be unwise and improper to adjourn, as he suggested, around the end of June and to reconvene at a later date. Although I like my holidays and vacation as much as anybody else, Mr. Speaker, I feel that the question raised by the hon. member for New Westminster was that he wanted to go home during that period to meet with his constituents, do work around his constituency and cover his own area.

All of the work that can be done between July 1 and the end of August in one's constituency is very small because, when you go home during that period, you find that people are on vacation. It is impossible to call people together. The service clubs and all of the other organizations have adjourned for the summer months and you cannot get more than a bare minimum of work done during the months of July and August. By the same token, if the work is not completed here by the end of June—and mind you, I would like to see it done by the end of June—by that time we would be far better off to stay here during July and whatever part of August we find necessary so that we can get home by the time the holiday season is over around the end of August, and we can then get down to work by the first day of September, or at least after the labour day holiday. Otherwise, if we adjourn for the six weeks or two months in the middle of the summer, as suggested by the hon. member for New Westminster and others who have spoken on this matter, we go back and we sit at home for the summer; we come back here in September and sit here through September and probably part of October; we go back home again just about freeze-up, the weather turns bad and it is impossible to cover our constituency at all. Therefore, as far as I am concerned, Mr. Speaker, the logical thing is, if we have not completed our work by July 1, to continue on until we have completed the business, go home, spend the fall months and the early winter months when we can get around our constituency and meet the people and when we can find the service clubs in operation and we can address various groups that are meeting at that time. Then in the winter time we can come back here, start our session and finish it up in the middle of the summer if necessary.

Mr. Colin Cameron (Nanaimo): Mr. Speaker, I want to speak on the same matter that was raised by the hon. member for New Westminster. I would like to carry it to a more logical conclusion. As you may recall, sir, a very distinguished constitutional lawyer wrote an open letter to the Prime Minister in which he outlined what he considered to be

the most logical way of conducting this parliament from now on. At that time he suggested to the Prime Minister that we should meet for one afternoon a year, and when we came in we would be given a questionnaire with the government's proposed legislation outlined on it. We would listen to the speech from the throne. On retiring, we would mark on this questionnaire "yes" or "no" to each of the government's proposals, and then wend our way home.

Now, Mr. Speaker, I think that might be a very reasonable way of conducting this parliament since it has been reduced to such a farce within recent days when the Prime Minister, in the most insolent manner, took to himself the right to decide who should preside over this assembly—

Some hon. Members: Order.

Mr. Cameron (Nanaimo): —and, Mr. Speaker, reduced those of us who are obliged to sit on this side of the house to the position of sitting under the presidency of a man who has openly stated that in his opinion certain members have falsified the facts for their own political ends.

Now, Mr. Speaker, I suggest to you that we have been placed in that position. The logical thing to do is either to dissolve this parliament immediately or to follow Dr. Eugene Forsey's suggestion and meet for one afternoon a year. That would be carrying out all the democracy that is left in this parliament after the activities of those who should be its guardians.

The Acting Speaker (Mr. Applewhaite): Is the house ready for the question?

ACTION OF PRIME MINISTER WITH RESPECT TO THE OFFICE OF SPEAKER

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I rise to state a grievance. In doing so, I speak on behalf of this group and I believe I speak on behalf of the institution of parliament and on behalf of the good name of this house.

Mr. McIlraith: Did you hear your colleague tonight?

Mr. Knowles: My grievance is against the Prime Minister. I do not propose to rehash any of the events which are part of the records of this session of this parliament prior to a few days ago; but I feel that in addition to the injury that has been done to parliament in this session a further insult was added yesterday by the Prime Minister.

There are certain matters which are the prerogative of the House of Commons, Mr. Speaker. Those matters include a number of important considerations, one of them being the decision as to who will preside over the deliberations of this house. This is provided for, Mr. Speaker, not in anything that is temporary or passing but in the British North America Act itself. Section 44 of the British North America Act reads as follows:

> The House of Commons on its first assembling after a general election shall proceed with all practicable speed to elect one of its members to be Speaker.

Section 45 reads:

> In case of a vacancy happening in the office of Speaker by death, resignation, or otherwise, the House of Commons shall with all practicable speed proceed to elect another of its members to be Speaker.

Surely, I do not need to emphasize the point that it is laid down clearly in the constitution of this country that it is the House of Commons, not the government, not the Prime Minister, but the House of Commons that decides who shall be its Speaker. In this connection, there is an interesting citation in Beauchesne's third edition, citation 35, which reads as follows:

> The choice of Speaker is the choice of this house. The house chooses and elects its Speaker; he is in no sense the choice of the government—in no sense the choice of the Prime Minister. In the British house, this has been the practice since the earliest times; we have followed that custom in equal degree and with equal fidelity. Indeed, in the British parliament it has never been the practice even for a member of the government to move or second the selection of a Speaker; that is left to the private members.

I should point out, Mr. Speaker, that that is a quotation from a speech made in this house by the Right Hon. Arthur Meighen. I think it is properly included in Beauchesne's third edition as an annotation to the sections of the British North America Act that I read a moment ago.

Perhaps I might read as well a few lines from the next citation in Beauchesne's third edition, citation 36:

> Mr. Pitt once intended to propose Mr. Addington, but Mr. Hatsell, Clerk of the house, on being consulted by Mr. Addington, said: "I think that the choice of the speaker should not be on the motion of the minister. Indeed an invidious use might be made of it, to represent you as the friend of the minister, rather than the choice of the house." Mr. Pitt acknowledged the force of this objection.

Mr. Speaker, I am ready to admit that it took quite a few years for the Canadian House of Commons to develop a tradition with regard to the choice of its speaker. I read again today the account of the sitting of the House of Commons the first day it met in 1867 and there was a dispute on that very first day over the choice of the speaker proposed on that occasion by Sir John A. Macdonald. I have read debates at the opening of a number of parliaments across the years and I find that on quite a number of occasions

there have been disputes. There have been occasions when some alternative person was proposed in opposition to the name suggested from the government side. True, in all the cases the choice of the government became the choice of the House of Commons. What interests me, however, is that gradually the house came to realize, although there might be differences over some things that were done in connection with the election of the speaker that basically he must be recognized not as the choice of the government nor as the choice of the prime minister but as the choice of the entire House of Commons.

The Right Hon. Arthur Meighen on March 8, 1922, speaking to a motion of the then prime minister, Mr. King, for the appointment of the speaker for that parliament, used the words I read a moment ago from Beauchesne's third edition and then he went on to say:

> Indeed, in the British parliament it has never been the practice even for a member of the government to move or second the selection of a speaker; that is left to the private members. In our parliament we have not in that special regard followed the British practice. No one would deny that a member acceptable to the administration should be selected; but I do deny the right of the administration—the right of the prime minister—to announce to this house and to the country in advance whom we shall select as speaker.

In 1930 Mr. Bennett was prime minister and on September 8, when it was proposed that Mr. Black be appointed as speaker, Mr. King indicated he had no objection to the person of Mr. Black but he did object to the way in which Mr. Bennett had gone about announcing the appointment of Mr. Black, more or less installing him as speaker, even before his election had been accomplished by the House of Commons. In objecting to what was done at that time, Mr. King, as recorded at page 3 of *Hansard* for September 8, 1930, read some of the statements that Mr. Meighen had made in 1922 and put his stamp of approval on Mr. Meighen's statement:

> . . . that the government have not any right as such to name a speaker, that the speaker is essentially an officer of the House of Commons; he is an appointee of the House of Commons and is in no sense an appointee of the government.

There, Mr. Speaker, you have both the Right Hon. Arthur Meighen and the Right Hon. W. L. Mackenzie King making it extremely clear that the choice of the person to preside over the deliberations of this house is the prerogative of the House of Commons and not the prerogative of the government nor of the Prime Minister. It is clear that it took a few years to build up that tradition but it had certainly become firmly established by the twenties and thirties of this century.

In 1936 when Mr. King moved the nomination of a speaker for that parliament he ran into some difficulties because of certain things that had happened. He referred to the practice at Westminster of having a permanent speaker. I should like to interject that this matter seems to have been discussed a good many times in the history of the House of Commons and although it has been discussed at times when speakers were elected nothing seems to have been done about it in the meantime. At any rate, Mr. King on February 6, 1936, as reported at page 2 of *Hansard* for that date, said:

> In Canada the practice since confederation has been different; the speaker has been nominated by a member of the ministry, the prime minister, in fact, and I think the nomination has in all cases been accepted by members of the commons. It is but right, that the ministry should have at least an opportunity to make known its view with regard to the person it thinks should be appointed to the high office of speaker.

I continue with these words used by Mr. King:

> I wish to make it very clear, however, to hon. members, that the choice of a speaker is the choice of the commons itself, and that hon. members themselves must elect the one who is to be the occupant of that office.

Although on that occasion Mr. Bennett and Mr. Woodsworth had reason to object to some of the things the government was doing they both concurred in that statement made by Mr. King that the choosing of the speaker is the prerogative of the House of Commons and not the prerogative of the government nor of the prime minister.

Similarly on May 16, 1940, when Mr. King was moving the nomination of Mr. Glen he referred once more to the difference between the tradition at Westminster and the tradition here but as reported on page 2 of *Hansard* for that date he said this:

> However, this difference is not in any way intended to imply any restriction of the freedom of members to make whatever choice they wish. The speaker of the house is not appointed by the government, he is elected by the commons. Members of the house are entirely free to make whatever choice they wish.

I said at the beginning of my remarks, Mr. Speaker, that my grievance is against the Prime Minister. It is my considered view—and some of us have had time to think this over since the events of yesterday afternoon—that the Prime Minister has added insult to injury, that he has given this parliament a serious affront in what he did yesterday.

Some hon. Members: No, no.

Mr. Knowles: A week ago yesterday the Speaker of the House of Commons placed his

resignation before us. As found at page 5555 of *Hansard* for July 2, 1956, he put it in these words:

> I place now my resignation before the house to take effect at the pleasure of the house. I would wish that it be accepted as soon as possible.

He then went on with further comments, which he began with the words, "This is my farewell speech."

In my view, Mr. Speaker did the right thing on that occasion; he did the honourable thing. He placed his resignation before the house. He made his own decision on the basis of what had transpired in days just previous to July 2; and not only did he do the right and honourable thing in offering his resignation, but speaking in parliamentary terms he did the correct thing in placing it in the hands of the House of Commons. It was there, Mr. Speaker, for the House of Commons to deal with. This is something that is one of the prerogatives of the House of Commons. The acting prime minister of that day, the Minister of Trade and Commerce (Mr. Howe), was quite correct, I think, in suggesting that this was a matter that might wait until the return of the Prime Minister yesterday; and so we waited with anticipation the return of the right hon. gentleman. Yesterday, with regard to the resignation offered the week before by the Speaker, the Prime Minister (Mr. St. Laurent) chose to say that it was not really a resignation. I quote from page 5763 of *Hansard* of Monday, July 9. This is what the Prime Minister said:

> Of course, all hon. members are aware that such a statement or declaration of intention does not constitute the formal action required as the actual resignation of a Speaker.

I do not think anyone will deny that, in the view of the Speaker, he was placing his resignation in the hands of the house for the house to deal with, when he took the course of action that he pursued on Monday, July 2. The Prime Minister took it upon himself to place on the Speaker's statement a different interpretation than that which the Speaker had placed upon it and a different interpretation than that which was understood by the house. Not only did the Prime Minister place this different interpretation upon the words of the Speaker. He violated the prerogatives that have been laid down over a number of decades by choosing to make by himself a decision as to who would be Speaker of the House of Commons for the balance of this parliament. I can imagine that some hon. members would like to argue with me and say that what we were confronted with at this stage is something different from that with which we are confronted at the beginning of a parliament when we have no Speaker. Technically that statement is correct. Technically there has been no break in the Speakership in the House of Commons in this parliament. But in spirit, speaking virtually, from the time Mr. Speaker placed his resignation in the hands of the House of Commons on Monday July 2 until yesterday, we were really without a Speaker.

Some hon. Members: No, no.

Mr. Knowles: It had not been decided who would preside over the deliberations of this House of Commons for the balance of this parliament. The Minister of Trade and Commerce (Mr. Howe) asked the house and the Speaker to wait until the return of the Prime Minister for that question to be settled. What question? The question as to who would be Speaker of the House of Commons for the balance of this parliament.

Mr. Harris: Nonsense.

Mr. Knowles: By his action yesterday the Prime Minister took unto himself that prerogative, made that decision and did not even give to the House of Commons the chance to pass upon it either by way of approval or otherwise. It is my contention, Mr. Speaker, that we now have an issue that is greater than any issue we have had yet in this session. That is one of the reasons why I have taken no time at all in dealing—

Mr. Pickersgill: Does the hon. gentleman want to go back to yesterday?

Mr. Knowles: What does the Minister of Citizenship and Immigration say?

Mr. Pickersgill: I asked if the hon. gentleman wanted to go back to yesterday.

Mr. Castleden: No. That is done by the Speaker.

Mr. Knowles: I am talking about yesterday, Mr. Speaker. I am saying to the house and to the Prime Minister that, in addition to all the injury that was done to parliament by the way in which a certain piece of legislation was put through this house, and in addition to all that has been done by way of destroying the atmosphere of this parliament and making it a place where we cannot properly carry on the business of the country, we now are aware of the fact that we have as Prime Minister, as leader of this house, a person who thinks of it not as a House of Commons but as a Liberal caucus in which members of other parties, by his grace, are allowed to sit and to make speeches.

An hon. Member: Nonsense.

Mr. Knowles: Yesterday the Prime Minister, as reported at page 5763 of *Hansard*, said this:

> As Prime Minister I have the ultimate responsibility for the leadership of the house, and I do not intend to shirk that responsibility in any way.

Some hon. Members: Hear, hear.

Mr. Knowles: Those are plausible words, but the applause that has just been given to them by the Liberals opposite underlines my point that he spoke and acted yesterday not as the leader of the House of Commons but as the leader of the Liberal party, making the decision that he felt was best for the fortunes of the Liberal party. Mr. Speaker, the issue is no longer the things that happened in the month of May and the early part of June. The issue is not who actually occupies the chair for the balance of this session or the balance of this parliament. The issue is that there should be no "balance" to this session and no "balance" to this parliament. Any vestige that was left—

Mr. Pickersgill: Has not that question been settled by the house?

Some hon. Members: Oh, oh.

An hon. Member: By the Liberal party; not by the house.

Mr. Pickersgill: Is not the hon. member out of order?

Mr. Knowles: I am prepared to answer that question.

Mr. Pickersgill: The hon. gentleman poses as a great expert on the rules. I am asking if that question has not been settled by vote of the house and therefore should not be raised again. I should like him to give an answer to that question.

Mr. Knowles: I am quite prepared to answer that question. In fact, I would be happy to listen to a speech by the minister on that question.

Mr. Pickersgill: I think it would be out of order to make a speech.

An hon. Member: Oh, shut up.

Mr. Knowles: I may tell the Minister of Citizenship and Immigration (Mr. Pickersgill) that one of the reasons I am talking about the present situation is precisely because I realized that a point of order could be raised if I talked about things that happened prior to the time that certain votes were taken.

Mr. Pickersgill: That is not answering my question.

Mr. Knowles: There was a vote on the question as to whether or not the Speaker should be censured.

Mr. Pickersgill: No. That is not the question.

Mr. Knowles: There was also a vote, on party lines, on the motion of the Leader of the Opposition (Mr. Drew) calling for dissolution of this house and an election.

Mr. Pickersgill: And that question was decided.

Mr. Knowles: But, Mr. Speaker, what I am talking about has happened since then. I base my contention that the time has come for dissolution not just on the things that took place in days gone by and on which there may have been decisions by the majority of this house, even though in some of those cases the decision was really not valid unless it was unanimous. I base my protest on what happened yesterday afternoon.

Mr. Pickersgill: In other words, the hon. gentleman is objecting to a decision of the house.

An hon. Member: Sit down.

Mr. Pickersgill: I am asking if the hon. gentleman is not setting himself up above the house. A decision was made by the house by an overwhelming majority. He is now asking that that decision should be reversed.

Mr. Dufresne: The hon. member will have the opportunity to make a speech.

Mr. Knowles: The house decided on Tuesday, June 26, by a majority vote that there should not be a dissolution. To the Minister of Citizenship and Immigration does that mean that there is never to be a dissolution?

Mr. Pickersgill: Not at all.

Mr. Knowles: Does it mean that this government is to stay in office forever? Would that vote of the house deny to the members of the government the right to meet at any time and decide on dissolution when they wished to do so?

Mr. Pickersgill: Not at all; but if I may answer the question which the hon. gentleman asked, I will do so. What it means is that no hon. member has a right in this session in debate to raise the same question again for decision by the house.

Some hon. Members: Oh, oh.

Mr. Pickersgill: That is the rule and the hon. gentleman knows it very well.

Mr. Knowles: The decision, even though it was only a majority decision, was on the motion of the Leader of the Opposition calling for dissolution not in the abstract but on the basis of what had happened prior to the time he made that motion. I call for dissolution of this parliament, if for no other reason, on the basis of what happened yesterday. The Minister of Citizenship and Immigration cannot get around the fact that something new in terms of damaging parliament has been added to the picture by the action of the Prime Minister yesterday.

An hon. Member: A very flimsy basis.

Mr. Knowles: Mr. Speaker, I indicated earlier that the question of how the Speaker gets elected in this House of Commons has an extremely interesting history. There were earlier occasions when there were struggles and squabbles of one kind and another; but gradually it has been accepted that he is the choice of the whole House of Commons. Indeed it was in this very parliament, under the present Prime Minister, that I think we reached perhaps as high a point as we have ever reached when, at the opening of the first session of this parliament in 1953,—I think for the first time in history—the Prime Minister's motion that the present Speaker take the chair was seconded by the Leader of the Opposition. At the start of this parliament under the present Prime Minister we had reached a high point in the unanimity with which the house acts in the matter of electing a Speaker. Yesterday under the same Prime Minister we reached a low point, when the right of the House of Commons to have the say as to who is to be the presiding officer was taken away from the House of Commons—I do not think even the Liberal party had any say in it—and was exercised by the Prime Minister himself.

I have already said that I think His Honour the Speaker did the right and honourable thing on July 2, when he placed his resignation in the hands of this house. I am not now offering any words of criticism of the Speaker, despite what I might have felt about something that happened earlier this evening. I have refrained from any criticism on that score because I think a new issue has arisen, the issue of the rights of the House of Commons itself, rights which the Prime Minister himself has violated.

The reason I said earlier that I could have related my remarks to the not too important issue raised by the hon. member for New Westminster was that I realized he was asking that parliament go home for the summer and I could have supported that suggestion because certainly I think it should be going home right now, but not for the same reasons which he gave.

Because parliament has got into an atmosphere where we are not able to do the business of the country properly, it does not matter, from here on in this parliament, who is put in the chair, the present Speaker or someone else. If he is going to be chosen by the Prime Minister and given to the house on the Prime Minister's authority without any attempt to pay some regard to the decencies of parliamentary procedure that would simply continue to damage and destroy the atmosphere of this house.

I think most of us believe that certainly one of the most important institutions in Canada, if not the most important, is the parliament of Canada. The people of Canada have the right to have that institution on the highest possible level. The people of Canada have a right to have the discussions in this parliament take place on a basis of give-and-take, of argument and conflict, but nevertheless of understanding as to the points that we are discussing and with respect both ways and with respect for the Chair.

We have had an unfortunate atmosphere since the events of earlier this session, and I think it has become very clear that this parliament's prestige in the eyes of the Canadian people does not merit its being continued and that the Prime Minister, who will have the ultimate say as to when dissolution will take place, subject to the five-year limit, owes it to parliament and owes it to the people of Canada to give consideration to a very early dissolution of parliament and the calling of a general election.

I insist that the issue now—and I say this for the benefit of the Minister of Citizenship and Immigration as well as others—is not with reference to things that have happened in the past and on which the house may have taken decisions. The issue that faces us in this house is pin-pointed by the dictatorial attitude of the Prime Minister yesterday in his disregard for the prerogatives of parliament. I feel more strongly now than I did when I urged on earlier occasions that there be a dissolution that that is the only course to follow. I hope that the Prime Minister will give serious consideration to this matter and do something about it at an early date.

Mr. Speaker, I am sorry that the situation was such that I did not get the floor earlier so that there might be more time for this matter to be discussed, but even so I feel I should not speak longer, for I wish to leave at least the 12 minutes that there are tonight and the six minutes there are tomorrow for the Prime Minister to speak on this matter if he wishes to do so, and I trust he will.

But, if he does exercise that right, as I hope he will, I trust he will not say the kind of thing that will close the door to a proper consideration of what I think is now his duty to the Canadian people, namely, the early dissolution of parliament and the calling of a general election so that we might have a new parliament, clean and fresh, that can measure up to what the Canadian people have a right to expect.

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I do not think that I shall require even the 12 minutes that remained a moment ago, when the hon. member for Winnipeg North Centre sat down, and the six minutes of tomorrow to tell him that it is not what he thinks I should do that is going to be done. There may come a time when he will not only have to think but be in a position to do what he thinks should be done; but that time has not yet arrived.

With respect to everything the hon. gentleman has said about the choice of the Speaker, I am in full agreement, and it did not require 89 years of practice to make it absolutely crystal clear that the Speaker was the choice of the House of Commons. However, the hon. gentleman, who referred to sections 44 and 45 of the British North America Act, certainly overlooked, and many others in the house have overlooked, the provision of section 49 of the British North America Act, which provides that the actions of the House of Commons do not have to be by the unanimous decision of the House of Commons but that they are the result of decisions by the majority of the members of the House of Commons.

It has been sought to be established for quite a long time in this House of Commons that it was not the supporters of the government who had the right to make decisions but that it was the members of the opposition, and that whenever there was any suggestion put before the house with which the members of the opposition did not agree it was wrong, unconstitutional and a contempt of parliament not to take into account their views instead of taking into account the views of the majority sent here by the Canadian people—

Some hon. Members: Hear, hear.

Mr. St. Laurent (Quebec East): —to make the decisions that are required to be made to carry on the business of the country. It is not by any accident that the party of which I have the honour to be the leader at the present time has been in office now for 21 years and plans to continue in office for several years longer.

Mr. Dufresne: 1957 will be the end.

Mr. St. Laurent (Quebec East): Now, with respect to what I did yesterday, the hon. gentleman says that that is an act of contempt of parliament. I submit that it was an act of full respect for the rights and privileges of parliament.

Some hon. Members: Hear, hear.

Mr. St. Laurent (Quebec East): The hon. gentleman has been posing, and with some justification, as an expert on the rules and precedents of parliamentary institutions. The hon. gentleman knows as well as I do that there has never been any formal acceptance by the House of Commons here or by the House of Commons in the United Kingdom of the resignation of a Speaker. A Speaker who chooses to resign does resign and it is the act of his own will that creates the vacancy required under the British North America Act to make way for the appointment of a new Speaker. The hon. gentleman knows as well as I do, and as well as all other hon. members who have not made as profound a study as he has of the rules and precedents, that what was stated by Mr. Speaker on Monday, the 2nd of July, did not vacate his office and that it was expected there would be some other formal action that would bring about the situation provided for in section 45 of the British North America Act, that is to say, a vacancy happening in the office by resignation or otherwise.

That being the situation, I felt that it was necessary for me to say to the house whether or not I was going to take any formal action to bring about a vacancy in the office of Speaker. What I did yesterday was to declare to the house that, having ascertained that the Speaker was willing to have his duty to parliament and to the country regarded as higher than his natural desire to be able to meet the criticisms that had been and were still being levelled against him, I felt under no obligation to take any action in respect of the statements that had been made on the 2nd of July.

I appointed no Speaker. I made no pretence of appointing any Speaker. I proposed the motion, which was seconded by the Leader of the Opposition (Mr. Drew), made at the beginning of this parliament that the present Speaker take the chair for this parliament. I did that because I realized, as the hon. member realizes, that it is desirable to have the appointment of the Speaker in the form in which it is made represent what is provided for by the constitution, that is to say, an appointment by the House of Commons and not an appointment by the government.

I remember that both in 1949 and in 1953 newspapermen were anxious to find out whom I was going to propose for the speakership. I told them that the speakership was something that was within the jurisdiction of the House of Commons itself and that I could give them no information, that I had in mind the gentleman I wished to suggest to the house to appoint but that he would become Speaker only if and when he had become appointed by the House of Commons. He is still Speaker of the House of Commons because there has never been the formal act required by the constitution to create a vacancy in his office, and I felt that it was desirable as soon as possible after my return to state publicly that I was not going to take any action to bring about a vacancy unless Mr. Speaker himself refused to continue to carry out the responsibilities of the office which he has discharged with knowledge, competence and distinction.

Whatever the hon. gentleman may think of my conduct, and I know that he is sincere, I do not think that my conduct requires me to advise His Excellency to dissolve parliament at this time. The hon. gentleman has said that is the only matter with which he is dealing as his grievance at this moment. Well, I am not going to satisfy that grievance and his grievance must persist if the only way in which it can be removed is by my stating here that I have come to the conclusion that I have acted in a way that makes it improper for me to continue to be a member of parliament. I do not agree that that is the case, and I am convinced, as I was convinced yesterday, that in informing the house that Mr. Speaker was willing to continue I was informing a majority, a large and overwhelming majority made up not only of those who support this government, of something which was very agreeable to them.

If the hon. gentleman feels that I mistook the sense and feeling of the majority in this house he knows that he can at any time put on the order paper a notice of motion to remove the Speaker from the chair and he will see—

Mr. Knowles: On a question of privilege—

Some hon. Members: Sit down.

Mr. Knowles: On a question of privilege, will the Prime Minister (Mr. St. Laurent) not admit that I made it clear that I did not think it mattered who is in the chair. Will the Prime Minister—

Some hon. Members: Sit down.

Mr. Knowles: —not agree that I made it clear that it was not the resignation of the Speaker I was suggesting but rather the dissolution of parliament?

Mr. St. Laurent (Quebec East): I know that it was the dissolution of parliament that the hon. gentleman was suggesting, but he was suggesting the dissolution of parliament because I had stated yesterday that I believed that it was the will of the majority in this house, if Mr. Speaker was willing to do so, that he continue to preside over our deliberations. That being the only reason urged by my hon. friend for a dissolution of parliament, I consider it to be a very insufficient reason.

Mr. Rowe: You will not need any more votes, just your opinion.

Mr. St. Laurent (Quebec East): If the hon. gentleman thinks that I am mistaken about how the votes would go in this house he knows how he can test that opinion.

Mr. Rowe: You are sure they will all vote for you.

Mr. St. Laurent (Quebec East): Mr. Speaker, it is ten o'clock. I will not continue now unless it should be the unanimous feeling of the house that the six minutes additional should be taken up tonight.

Mr. Rowe: Ten o'clock. You have said too much now.

Mr. McCann: You cannot take it any more.

An hon. Member: Sit down and take it.

On motion of Mr. St. Laurent (Quebec East) the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Harris: Mr. Speaker, we will conclude this debate tomorrow and then take the estimates of veterans affairs and northern affairs.

Mr. Fleming: May I ask the Prime Minister—

Some hon. Members: No, sit down.

Mr. Deputy Speaker: Order.

Mr. Casselman: Get the steamroller out.

Mr. Deputy Speaker: Order.

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

HOUSE OF COMMONS

Wednesday, July 11, 1956

The house met at 2.30 p.m.

CRIMINAL LAW

THIRD REPORT OF JOINT COMMITTEE

Mr. D. F. Brown (Essex West): Mr. Speaker, I have the honour to present the third report of the special joint committee on capital and corporal punishment and lotteries. This report, presented in English and French, constitutes the committee's final report on the question of corporal punishment only. No motion will be made for the adoption of this report at this time.

TRADE

ANNOUNCEMENT OF AGREEMENT BETWEEN CANADA AND HONDURAS

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, I am pleased to inform the house that a trade agreement was signed today in Tegucigalpa between Canada and Honduras. This agreement was signed on behalf of Canada by Mr. H. A. Scott, Canadian ambassador to Cuba, the Dominican Republic and Haiti, and by Mr. Pedro Pineda Madrid, minister of finance of Honduras.

Copies of this agreement have been tabled for the information of hon. members.

This is the first trade agreement between Canada and Honduras. It will enter into force on July 18 for an initial period of one year and will continue in force thereafter until either country takes action to terminate it.

The agreement provides for the exchange of most-favoured-nation treatment with respect to customs duties and related matters. This will provide new opportunities for Canadian exports to Honduras. Under this agreement, for example, Canadian exports will now be subject to customs duties and charges no higher than those levied on goods from the United States, on the basis of the trade agreement between Honduras and the United States. Similarly, Honduran exports to Canada will now be subject to the most-favoured-nation rates of the Canadian tariff rather than to the general tariff rates, as has been the case up to now.

Honduras has specifically reserved the right to participate in a customs union with other Central American countries as it did in the case of its trade agreement with the United States.

As a direct benefit of this agreement, Canadian exports of wheat flour, canned salmon and sardines, upper leather, rubber tires and other products will henceforth be able to compete in the Honduran market on the same terms as exports from the United States. Honduras is a small but valuable open dollar market with no import or exchange restrictions. Canada's exports in 1955 were about $588,000, while imports from Honduras amounted to $1·7 million, about 90 per cent of which consisted of bananas.

This trade agreement with Honduras is particularly notable in that it completes the Canadian structure of trade arrangements with Latin-American countries based upon the most-favoured-nation principle. Canada has already exchanged most-favoured-nation treatment with all the other countries of Latin America.

THE ROYAL ASSENT

Mr. Speaker: I have the honour to inform the house that I have received the following communication:

Government House,
Ottawa,
July 11, 1956

Sir:

I have the honour to inform you that the Honourable Mr. Justice C. H. Locke, acting as Deputy of His Excellency the Governor General, will proceed to the Senate chamber today, the 11th July, 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,
J. F. Delaute,
Secretary to the Governor General
(Administrative).

STARRED QUESTION

INTEREST RATES ON BANK DEPOSITS

Question No. 58—**Mr. Diefenbaker:**

1. Has the government or the Bank of Canada given consideration to requesting chartered banks to increase interest rates on depositors' savings accounts in view of the fact that loan interest has been increased?
2. If so, when?
3. If not, will the government give consideration to making such a request?

Hon. W. E. Harris (Minister of Finance): Mr. Speaker, the inspector general of banks and the Bank of Canada do have conversations from time to time with the chartered banks of Canada; however, these discussions

about matters of mutual interest are confidential and their value would be diminished greatly if they were not considered as such. I therefore feel that is the only answer I can make at this time.

Mr. Diefenbaker: You might whisper to them that a quarter per cent in the interest rate is not much of an increase.

QUESTION PASSED AS ORDER FOR RETURN

RIVIÈRE-DU-LOUP ARSENAL BUILDINGS

Question No. 546—**Mr. Dufresne:**

1. Have the Rivière-du-Loup arsenal buildings been sold? If so, on what date?
2. What was the amount of the sale and what were the conditions of payment?
3. What was the conversion cost of the former Canadian National shops, which subsequently became the Rivière-du-Loup arsenal?

FLOODS

SASKATCHEWAN—INQUIRY AS TO FURTHER PAYMENTS

On the orders of the day:

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, on Monday the hon. member for Moose Mountain (Mr. McCullough) wished to ascertain how much the government of Canada had paid to the province of Saskatchewan in connection with the flood damage which occurred in that province last year.

From the inquiries I had made I have ascertained that to date only one claim for reimbursement has been received from the province of Saskatchewan. That claim amounted to $8,763.44 and was paid to the province on June 26 last.

I am informed that the government of Saskatchewan, in accordance with the agreement between the two governments, is in the process of preparing a second claim for reimbursement based on the individual claims it has received. Until that claim is received by the Canadian government, I am confident the hon. member will understand that I am not in a position to indicate its amount nor the amounts of other claims for reimbursement which may be received in the future.

As I indicated on Monday, the supplementary estimates contain an item for $120,000 to provide for claims from both Manitoba and Saskatchewan.

EXTERNAL AFFAIRS

NATO—VIEWS OF MEMBERS ON NON-MILITARY CO-OPERATION

On the orders of the day:

Mr. Alistair Stewart (Winnipeg North): Mr. Speaker, I should like to direct a question to the Secretary of State for External Affairs.

[Mr. Harris.]

In view of the information he has been seeking from other member countries of NATO concerning their intentions about article 2 of the North Atlantic treaty, will the Secretary of State for External Affairs outline the position of the Canadian government concerning the same article?

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, I do not think I can very usefully do that on the orders of the day apart from the fact that it is not I but the committee of NATO which is seeking this information. The committee is doing that by sending a questionnaire to the various governments to ascertain their views on non-military co-operation in NATO. This government along with the other 14 governments is now in the process of formulating its views so that the questionnaire can be answered, and while that process is going on it is not easy for me to discuss it on the orders of the day in the House of Commons.

Mr. Stewart (Winnipeg North): I should like to ask a supplementary question, Mr. Speaker. Is this committee of three going to interview representatives of the government of Canada with regard to article 2?

Mr. Pearson: Yes, Mr. Speaker. It is hoped that when the replies have come in to the committee of three from the various governments the committee then will meet representatives of these governments in Paris to discuss the replies and exchange views concerning them.

ISRAEL—REASON FOR WITHHOLDING EXPORT PERMIT FOR SABRE AIRCRAFT

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I should like to direct a question to the Prime Minister. In view of the fact that the governments of the United Kingdom, the United States and France have been authoritatively reported as having no objection and indeed as approving Canada's action in exporting Sabre aircraft to Israel, would the Prime Minister say what the impelling reasons are that cause him at this time to say it is not an appropriate time to grant the export permit for these aircraft as requested by the state of Israel?

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I do not know that there is any authority for the report that the governments of the United States, the United Kingdom and France have suggested that we should supply—

Mr. Diefenbaker: Not suggested.

Mr. St. Laurent (Quebec East): —have expressed the view that they have no objection—I do not remember just what words were used by the hon. gentleman—to Canada supplying aircraft to Israel. As to the compelling reasons, they resulted from discussions with General Burns who is acting as commissioner for the United Nations in supervising the armistice arrangements, and with the Secretary General of the United Nations who I understand is just about to leave for a second visit to that area, from which we gathered that it is still a very delicate situation which might be unfavourably influenced if a country like Canada were to attempt to take the lead in changing what is in my opinion an imbalance of armaments at the present time between the Arab countries and Israel. This is a matter to which we have given very careful consideration. The hon. gentleman knows that we would not wish to do anything that might make it in the slightest way more difficult to ensure the observance of the cease-fire which has been in force and which has been observed to a large degree for several months past.

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, may I ask a supplementary question. The Prime Minister noted that there was an imbalance between Israel and the Arab states. Has not that imbalance been created by the large supplies of planes and arms which have been made to the Arab countries by the Soviet union and its satellite states? Would not the same action by the western powers rectify that imbalance?—and when I refer to the western powers I include Canada.

Mr. St. Laurent (Quebec East): Mr. Speaker, I quite agree with the suggestion implied in the hon. gentleman's question. I think there has been an imbalance created by the armaments supplied if not by the Soviet republics by the satellites of the Soviet republics. We would have been quite happy to join with other western powers in doing something to restore a balance, but we do not feel that when other western powers were not prepared to join in that responsibility it should be a responsibility left to the government of Canada which has not the immediate interest in the area which other western powers have.

PRIVILEGE

MR. HANSELL—REFERENCE TO REMOVAL OF STATEMENT FROM "HANSARD"

On the orders of the day:

Mr. E. G. Hansell (Macleod): Mr. Speaker, I rise on a question of privilege which I think concerns the entire house. In this morning's *Globe and Mail* there appears a Canadian Press dispatch, which evidently would go throughout the whole country, entitled "Bawdyhouse Charge made by C.C.F. Member". The part to which I wish to draw your attention reads:

> Alistair Stewart (C.C.F., Winnipeg North) hurled new accusations at the Commons chair after a party colleague was unsuccessful in getting the floor to discuss Mr. Beaudoin's decision to remain in office.
>
> "I think you are making a bawdyhouse of this place," Mr. Stewart shouted at Acting Speaker E. T. Applewhaite.
>
> Mr. Applewhaite, his voice choking with emotion, asked Mr. Stewart to withdraw the statement.
>
> Mr. Stewart did not. Instead, he said: "I don't know what right you have to occupy the chair."
>
> Mr. Applewhaite did not again ask him to withdraw the statement.

Mr. Speaker, I think all in the house who heard the discussion will agree that the report is substantially accurate, but in reading *Hansard* today I find that nothing appears to that effect in *Hansard*. My point of privilege is that *Hansard* has been tampered with far beyond the propriety of ordinary revision, and I think some explanation is due the house.

Mr. Stewart (Winnipeg North): Mr. Speaker—

Mr. E. T. Applewhaite (Skeena): Mr. Speaker, on this question of privilege it is essential for the house and for the hon. member concerned that I should make a statement, which I hope will be brief. It was my privilege and responsibility to be acting as Speaker at the time the incident occurred. Despite what the press said, I did not clearly hear the quotation referred to, but I had my doubts. I made inquiries later and found that the expression referred to was used.

I considered it my responsibility as Acting Speaker to assume responsibility for what should or should not go into the permanent records of this house for all time to come. Time was short; *Hansard* goes to press very shortly after the house closes. I on my own responsibility removed the item from *Hansard*, not on the grounds of protection for any political party or for any line of thought but because I did consider that the expression used was one which should not become part of the permanent record of the Canadian House of Commons.

Mr. Speaker was not available for consultation at ten o'clock. The Deputy Speaker was. Nevertheless, I take full responsibility for having personally, as Acting Speaker, signed a directive addressed to *Hansard* to that effect. I can add only two things. The action I took was not without the knowledge —and, I think, not without the tacit approval —of the hon. member for Winnipeg North.

The only other thing I have to add is that, if the excerpt read today remains part of the records of this house, then any action which I took, rightly or wrongly, will have been ineffective.

Mr. Alistair Stewart (Winnipeg North): I am not prepared to allow the Acting Speaker to accept the full responsibility, as he so generously has done in this matter. I said something last night which on reflection I realized was not in good taste, and it was my own opinion that it should be stricken from the record. That is the situation so far as I am concerned, and I take my share of the responsibility for it.

Mr. Hansell: Mr. Speaker, with the explanation the hon. member for Winnipeg North has given, I think perhaps we can all be satisfied.

Mr. Ellis: You made sure it got on the record.

An hon. Member: You keep quiet.

POULTRY

REQUESTED PROHIBITION OF VACCINATION OF CHICKS ON HATCHERY PREMISES

On the orders of the day:

Mr. E. G. McCullough (Moose Mountain): I should like to direct a question to the Minister of Agriculture. Can the minister state if the federal government has taken action to prohibit the vaccination of chicks on hatchery premises as advocated by the Saskatchewan poultry association at its recent meeting in Saskatoon?

Right Hon. J. G. Gardiner (Minister of Agriculture): Before coming into the house, I did not have the resolution that was passed by the meeting at Saskatoon, but it has been sent to me since I came into the house. I am inclined to think that the resolution itself does not conform exactly with the published statement which appeared a day or two ago in the press, and I presume the question asked is based upon the press report. Since neither the resolution nor the press report seems to follow the policy which is followed by the department, I think it better that I should take this as notice and give a proper answer to the question later.

EGGS

REQUEST FOR INCREASE IN BASIC PRICE

On the orders of the day:

Mr. E. G. McCullough (Moose Mountain): Could the minister add anything to what was said by the parliamentary assistant in answer to the question I asked the other day in respect to a resolution passed by this association in Saskatoon asking the federal government to increase the floor price on grade A large eggs so that the producer might benefit?

Right Hon. J. G. Gardiner (Minister of Agriculture): No, Mr. Speaker. I have just this moment read what my assistant had to say and I have nothing to add beyond what I have said previously, that if there is going to be any effective action in the province of Saskatchewan some additional action will have to be taken by the provincial government.

INQUIRY FOR RETURN

P.F.R.A. AND P.F.A.A. OFFICIALS

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): On a question of privilege, Mr. Speaker, I should like to point out that on the 30th of January last a motion for the production of a list of all P.F.R.A. and P.F.A.A. employees and their salaries and expenses was passed by the house. That is over five months ago. I know the list is a long one, but I think the time has come when the minister should table that return.

Right Hon. J. G. Gardiner (Minister of Agriculture): Mr. Speaker, I thought it had already been tabled. It was certainly circulated in Saskatchewan recently. I shall see that it is brought down.

Mr. Diefenbaker: You must have done it yourself. You did not put it before parliament.

PIPE LINES

TRANS-CANADA PIPE LINES—INQUIRY AS TO FURTHER ADVANCES

On the orders of the day:

Mr. W. M. Hamilton (Notre Dame de Grace): Can the Minister of Trade and Commerce inform the house whether, since his last report on the subject to us, additional sums have been advanced to Trans-Canada Pipe Lines Limited by the Northern Ontario Pipe Line Crown Corporation and, if so, what amounts and on what dates?

Right Hon. C. D. Howe (Minister of Trade and Commerce): If my hon. friend will put that question on the order paper I will try to get an answer.

AGRICULTURE

PRODUCER MARKETING BOARDS—JUDGMENT OF SUPREME COURT OF CANADA

On the orders of the day:

Mr. E. G. McCullough (Moose Mountain): I should like to direct a question to the Acting Minister of Justice or the Prime Minister. Can the Prime Minister inform the house whether or not any decision has been reached by the Supreme Court of Canada with respect to producer marketing boards in Ontario? I asked the same question on May 15 and at that time the answer was no. Has any decision been reached since that date?

Right Hon. L. S. St. Laurent (Prime Minister): Not to my knowledge, Mr. Speaker, and if upon inquiry I find that there has been I will so inform the house.

LABOUR CONDITIONS

WINNIPEG—EXTENSION OF FIVE-DAY 40 HOUR WEEK TO EMPLOYEES OF DEER LODGE HOSPITAL

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Veterans Affairs. In view of the generality of the five-day week in the Winnipeg area, will the five-day 40 hour week soon be extended to the employees of Deer Lodge hospital?

Hon. Hugues Lapointe (Minister of Veterans Affairs): Mr. Speaker, this question was put to me in a general way yesterday, and I do not think there is anything I can add to the answer I gave yesterday.

Mr. Knowles: May I address a supplementary question to the Minister of Finance? In view of the fact that some 90 per cent of government employees are now on the five-day 40 hour week, what reason is there for not making it universal?

Hon. W. E. Harris (Minister of Finance): I suppose, Mr. Speaker, that is a question I shall encounter on my estimates.

SUPPLY

The house resumed, from Tuesday, July 10, consideration of the motion of Mr. Harris for committee of supply.

ACTION OF PRIME MINISTER WITH RESPECT TO THE OFFICE OF SPEAKER

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, normally and naturally on a matter of the kind that is under debate at the moment the Leader of the Opposition would be speaking at this time, but having already spoken on the present motion the Leader of the Opposition is precluded under the rules from speaking again.

I have but six minutes to express the views of Her Majesty's loyal opposition on this matter of very serious importance.

Let me say also, sir, that the statement the bility for a situation within this house which has now become utterly intolerable rests squarely upon the shoulders of the Prime Minister (Mr. St. Laurent) and the government.

Let me say also, sir, that the statement the Prime Minister made in the house on Monday, July 9, took the opposition, and I am sure most members of the house, completely by surprise. There was no advance communication of it by the Prime Minister to the opposition, as has been suggested in some quarters.

The statement that the Prime Minister made on Monday, July 9, was bad enough, Mr. Speaker, but the statement that he made last night was far worse.

Some hon. Members: Oh, oh.

Mr. Fleming: It was a bald, barefaced declaration of dictatorship which stripped away all the sham and pretence that the government has sought to build up around this problem. The Prime Minister last night expounded a doctrine that the majority in this elective chamber is omnipotent, that the majority in this house which has never yet represented the majority of the ballots cast at the last general election, is omnipotent. Mr. Speaker, the doctrine amounts to this. It amounts to saying that the majority is parliament. What the doctrine amounts to is that nothing else shall prevail. Constitutional practices; the traditions of centuries; hallowed observances of minority rights; the respected guarantees of freedom; the established bulwarks of parliamentary liberties and privileges—these matter nothing any more. The rights of the entire parliament have been subordinated to the will, the whims, the demands and the caprice of a majority in this house; for under this doctrine the majority is parliament.

An hon. Member: Get your flag.

Mr. Fleming: The issue was never any question of the publication of letters. The point was that the incumbent of the office of Speaker expressed himself in terms in which he indicated quite clearly that he wished to be free to enter the lists in partisan debate against members of the opposition against whom he had levelled certain serious charges and, so far as the Prime Minister (Mr. St. Laurent) is concerned, that fact does not in any respect disqualify

the incumbent of that office. The Prime Minister has said, "My faith in the Speaker is unshaken"; and so far as the Prime Minister is concerned that is all that matters. We do not know under what improper pressures or influences the Speaker was deflected from the honourable course of resignation which he announced in this house on July 2.

The action that the Prime Minister has taken is without precedent. It is an act of supreme arrogance. The office of Speaker is older by centuries in the parliamentary system than is the office of Prime Minister. It is not any appendage of an all-powerful office of Prime Minister. Under the parliamentary system it is an office apart. Yet we in this chamber have seen with our own eyes the further naked exposure of subordination by this government to this government of the high office of Speaker, the very cornerstone of the parliamentary system and its freedoms. One-party government has now been all but achieved by the Prime Minister, his ministers and followers. For the degradation of the high office of Speaker, the Prime Minister is responsible, and with it the degradation of this house itself.

There is but one course now open out of these shambles. Let the electorate cleanse this place of this discredited twenty-second parliament,—

An hon. Member: Louder.

Mr. Fleming: —a parliament discredited by a Prime Minister and a government with a totalitarian mind and purpose. They fear retribution at the hands of an outraged electorate and that is why they are clinging so to office. Dissolve this discredited parliament, for only in that way can Canada now hope to rescue and redeem the integrity of the very institution of parliament itself.

Mr. Deputy Speaker: If the Minister of Finance speaks now, he will conclude the debate.

Hon. W. E. Harris (Minister of Finance): Mr. Speaker, we listened to the hon. member for Eglinton,—

An hon. Member: Time is up.

Mr. Harris: —and all I can say is this. No one in the Dominion of Canada believes the things he has said about the Prime Minister of this country, and when the time comes he will find out.

Mr. Green: Mr. Speaker,—

Mr. Deputy Speaker: Do I understand the hon. member for Vancouver-Quadra is rising on a point of order?

[Mr. Fleming.]

Mr. Green: Yes, Mr. Speaker. May I point out to Your Honour that the time allowed for this debate has expired?

Mr. Deputy Speaker: Order. In accordance with the new practice which has obtained this session, following the change in the rules last year, on supply motions we have taken it that the Clerk will inform the Chair when the time of the debate has expired. The Clerk so informed me immediately following the time that the hon. member for Vancouver-Quadra rose. That has been well established, I think, on the previous five supply motions.

The Clerk now having informed me that the time has expired it is my duty, under standing order 56, to put the main question.

Mr. Harris, seconded by Mr. Campney, moves that Mr. Speaker do now leave the chair for the house to resolve itself into committee of supply. Is it the pleasure of the house to adopt the motion?

Some hon. Members: No.

The house divided on the motion (Mr. Harris) which was agreed to on the following division:

YEAS

Messrs:

Anderson
Applewhaite
Arsenault
Ashbourne
Balcom
Batten
Benidickson
Bennett
Blanchette
Boisvert
Bonnier
Bourget
Bourque
Brisson
Brown (Brantford)
Brown (Essex West)
Buchanan
Byrne
Cameron (High Park)
Campney
Cannon
Caron
Carter
Cauchon
Cavers
Cloutier
Decore
Denis
Deslieres
Dickey
Dumas
Dupuis
Eudes
Eyre
Fairey
Follwell
Forgie
Fraser (St. John's East)
Gardiner
Garland
Gauthier (Lake St. John)
Gauthier (Nickel Belt)
Gauthier (Portneuf)
Gingras
Gour (Russell)
Gourd (Chapleau)
Gregg
Habel
Hanna
Harris
Harrison
Healy
Hellyer
Henry
Hollingworth
Hosking
Houck
Howe (Port Arthur)
Huffman
James
Jutras
Kirk (Antigonish-Guysborough)
Kirk (Shelburne-Yarmouth-Clare)
Laflamme
Lafontaine
Langlois (Gaspe)
Lapointe
Lavigne
Leduc (Gatineau)
Leduc (Jacques Cartier-Lasalle)
Leduc (Verdun)
Lefrançois
Legare
Lesage
Lusby
MacNaught
Macnaughton
McCann
McCubbin

McCulloch (Pictou)
McIlraith
McMillan
McWilliam
Maltais
Marler
Masse
Matheson
Menard
Mitchell (Sudbury)
Monette
Nixon
Pearson
Philpott
Pickersgill
Pinard
Pommer
Power (Quebec South)
Power (St. John's West)
Prudham
Purdy
Ratelle
Reinke
Richard (St. Maurice-Lafleche)
Roberge
Robichaud
Robinson (Simcoe East)
Ross
Roy
St. Laurent (Quebec East)
St. Laurent (Temiscouata)
Schneider
Shipley, Mrs.
Simmons
Stick
Stuart (Charlotte)
Thibault
Tucker
Villeneuve
Weir
Weselak
Winters—121.

NAYS

Messrs:

Aitken, Miss
Argue
Balcer
Barnett
Bell
Blackmore
Blair
Brooks
Bryce
Bryson
Cameron (Nanaimo)
Campbell
Cardiff
Casselman
Castleden
Charlton
Churchill
Coldwell
Diefenbaker
Drew
Dufresne
Ellis
Fairclough, Mrs.
Fleming
Green
Hahn
Hamilton (Notre Dame de Grace)
Hamilton (York West)
Hansell
Harkness
Hees
Herridge
Hodgson
Holowach
Howe (Wellington-Huron)
Johnson (Kindersley)
Johnston (Bow River)
Jones
Knight
Knowles
Leboe
Lennard
Low
MacLean
McCullough (Moose Mountain)
McLeod
Michener
Monteith
Murphy (Lambton West)
Nesbitt
Nicholson
Nowlan
Pallett
Patterson
Perron
Quelch
Regier
Robinson (Bruce)
Small
Smith (Battle River-Camrose)
Stanton
Starr
Stewart (Winnipeg North)
Thomas
Tustin
White (Hastings-Frontenac)
White (Middlesex East)
Winch
Zaplitny—69.

Mr. Gillis: I was paired with the Minister of National Health and Welfare.

(Translation):

Mr. Paul E. Gagnon (Chicoutimi): Mr. Speaker, members in this corner of the house failed to vote, because the second clerk assistant stated too soon that the members of the government had voted. We would have liked to vote with the government.

Mr. Speaker: It is regrettable that this should have happened, because I myself was looking at the second clerk assistant who calls the names of the hon. members as they rise and I noted with surprise that the hon. member for Chicoutimi (Mr. Gagnon) and those who sit next to him had not risen. I thought that they merely wanted to abstain, as they are entitled to do. I hope that this unfortunate mistake will not happen again in the future.

(Text):

The house in committee of supply, Mr. Robinson (Simcoe East) in the chair.

The estimates of the following departments were first taken up and entered for consideration:

DEPARTMENT OF CITIZENSHIP AND IMMIGRATION

58. Departmental administration, $500,150.

LEGISLATION

The Senate—

The Speaker of the Senate—

198. Allowance in lieu of residence, $3,000.

DEPARTMENT OF TRADE AND COMMERCE

General administration—

415. Departmental administration, $628,021.

Proceedings reported.

DEPARTMENT OF VETERANS AFFAIRS

498. Departmental administration, $2,215,472.

Mr. Green: Mr. Chairman, there was some consideration of the estimates of the Department of Veterans Affairs on Friday last and today I should like to make a few comments on this particular department. I believe the time has come to reassess the position of Canadian veterans and their dependents and the legislation designed to help them. While that legislation was designed to help these Canadians in fact it goes much deeper because in effect it is to repay them for the sacrifices they made for this nation. This obligation started right after the first war and it will continue as long as any of these veterans or their dependents remain alive.

I am afraid there is a tendency today to forget that many of the problems affecting veterans are still very serious and require immediate action, and furthermore that there always will be such problems. The reasons for this tendency to forget and for the apparent lack of interest are several, and today I should like to point out one or two of them to the members of the committee.

The first is that the veterans of both world wars are getting up in years. The annual report of the department for the fiscal year ended March 31, 1955 shows that at that date —I am quoting from page 85—the average age of disability pensioners of the first world war was 65·22 years. That means that today

the average age of those pensioners would be between 66 and 67 years. Further on in the report we find the figures for the disability pensioners of the second world war. I was surprised to find that the average age of those pensioners was 42·27 years, which would bring that age today up to 43 or 44 years. The ranks of the men who served in the first war are growing very thin; many of them have joined their comrades who made the supreme sacrifice. The veterans of the second world war have been busy getting established and it is more difficult for them to be interested in and pay attention to the problems which arise in veterans affairs.

Another reason for this tendency to forget and this lack of interest in veterans' problems is I believe the amount of talk there is about the so-called veterans' charter. Time and again we hear in this house of the wonders of the veterans' charter which is considered to have pretty well settled all the problems that will face the veteran for all time.

The actual fact is that veterans' legislation started back during the time of the first world war. I think the Pension Act was passed in 1919. The three main acts affecting the veterans of Canada are the Pension Act, the War Veterans Allowance Act and the Veterans' Land Act; a similar earlier act was known as the soldier settlement act. Those three foundation acts were in effect long before the so-called veterans' charter of 1946. What was done in 1946 and during one or two sessions preceding that year was simply to bring up to date that basic legislation and to add certain other statutes to meet conditions which were peculiar to the second world war. The veterans' charter was passed eleven years ago and it does not meet the problems which are now arising and will continue to arise in connection with veterans' affairs.

Actually there is a great need today for an attack on the problems of the veteran and his dependents with renewed vigour. Yet that has not been done. Let me point out, as did the minister in his opening discussion of his estimates on Friday, that there has been no legislation brought into this house during the present session by the Department of Veterans Affairs. There was an amendment to the Veterans Business and Professional Loans Act, but that was introduced by the Minister of Finance. In his remarks the other day the minister sought to excuse this situation by saying that there had been some resolutions presented at the dominion convention of the Canadian Legion held in Vancouver a few weeks ago and that there had not yet been time for the government to review these suggestions. His remarks are to be found on page 5747 of *Hansard*. He said:

> As hon. members know, the dominion convention of the Canadian Legion in session last month in Vancouver passed a number of resolutions concerned with proposed legislative amendments, and as soon as these recommendations are received by the government I can assure the committee they will receive the careful and thorough consideration of the government and the officials of my department.

That really was not a very good excuse for inaction, because as a matter of fact most of those resolutions were presented to the government when the dominion officers of the legion met the cabinet on November 10, 1955, in plenty of time to have them considered in the intervening months.

Then we still have the situation that the minister is only a half-time minister in so far as the Department of Veterans Affairs is concerned. He was named Postmaster General on November 8, 1955, and for those eight months has been carrying on as the minister of two important departments. I complained about this situation on January 23, when I made my first speech of this session. Other members have complained about it; veterans' organizations have made a similar complaint; but the Prime Minister has done nothing about relieving the present Minister of Veterans Affairs of his obligations as Postmaster General. The blame for this situation rests not on the shoulders of the minister but on the Prime Minister himself.

According to the report of the department, there are over 300,000 Canadians directly affected in that they receive either a pension or war veterans' allowance or have settled under the Veterans' Land Act. I do not know the exact number because there will be certain duplications: for example, a pensioner may also be receiving a war veterans' allowance or may also be settled under the Veterans' Land Act. But there are at least a quarter of a million Canadians who are directly affected by what is done by the Minister of Veterans Affairs, and surely that job, if it is to be done properly, is a full-time job. The minister should be relieved of his obligation to act also as Postmaster General. The very fact that the Prime Minister allows this situation to continue shows that he for one is not very deeply concerned about these problems facing the Canadian veteran.

Then we have the continued refusal to set up a standing committee on veterans affairs. Year after year, requests have been made that that step be taken, but every time they

have been turned down. When we form a government, we certainly will have a full-time Minister of Veterans Affairs and we certainly will have a standing committee on veterans affairs.

Mr. Lapointe: Wishful thinking.

Mr. Green: The setting up of such a committee would result in rectifying the mistakes in legislation and in administration much more quickly than is done under the present conditions. It would also result in keeping the veterans legislation up to date, and I think it would make things a great deal easier for the staff of the Department of Veterans Affairs because it would bring them much more closely in contact with the people whom they are serving.

However, these veterans' problems are not to be dealt with at all during the present year. What is the result of that failure to take any action? Let me instance the case of the veteran on war veterans' allowance who reaches 70 years of age this year, and do not forget that these recipients of war veterans' allowance are in great majority front-line troops of the first world war, men who served in the trenches. The veteran who reaches 70 this year does not get a full old-age security payment of $40 per month. At least, he may get the full old age security payment, but his war veterans' allowance will be cut down. His fellow Canadians who did not serve at all in the forces will get the $40 automatically, but not this front-line fighting soldier.

The reason why he will not get it is because of the low ceiling placed on the annual income he is allowed. If that ceiling were raised from $840 per year to $1,200 per year for the single veteran, and from $1,440 per year to $2,000 per year for the married veteran, as requested year in and year out by the great veterans' organizations of this country, then that situation to which I have referred would be met. This veteran would be able to get his full old-age security payment when he reaches 70, and the small pensioner who is under 70 would be able to retain his small pension and get the full war veterans' allowance.

It is obvious that the government knows that this situation is not right, because there are palliatives being used to partially meet the needs. For example, provision is made for certain earnings to be exempt from consideration, and they are called casual earnings. We were told last year that only a small percentage of the recipients of war veterans' allowance were able to earn anything at all, but there is this provision for casual earnings, which helps some of them.

Then the government has set up what is known as a war veterans' allowance assistance fund. If a recipient of war veterans' allowance has no other income whatsoever, then he can get a hand-out up to a total of $10 per month, subject to a second means test. He has to take the first means test to qualify for a war veterans' allowance and then, to get any help from the assistance fund, he must take a second means test. I repeat that these are palliatives which help but do not actually meet the situation as it should be met. In effect they prove the need for raising the ceiling on annual income.

The Department of Finance in its wisdom has decided that $2,000 income should be exempt from taxation; in other words, that the family man requires that amount to exist and that he should not pay any tax on it. I suggest that the same ruling should be made with regard to the married recipient of war veterans allowance. It is a very good argument in support of raising this ceiling to the sum of $2,000 per year.

I think it will not be denied that the reason why these ceilings are kept so low is to keep the veteran in line with the recipient of social welfare, although the fact is that the payments made to the veteran are payments for services rendered for the greatest kind of services that any Canadian could render; they should be treated on that basis rather than regarded merely as social welfare measures.

There is another problem concerning war veterans allowance recipients which should be met. Most of these men are getting up in years and their health breaks down. In some cases they have to go to the southern states or to Mexico, some warmer climate, in order to stay alive, and when they do that they lose the war veterans allowance. It is only paid as long as they reside in Canada. There is provision for a short absence from Canada but if they change their residence to some country other than Canada then they lose the allowance. We have always been told that it is too hard for the department to figure out any way in which special provision could be made to meet these cases where the man's health has broken down as distinct from cases where he decides to move away for reasons other than health. I submit that this problem should have been met during the present session. Furthermore, I see no reason why the allowance should not be paid to a veteran who goes to live in another part of the commonwealth, whether or not he goes for health reasons. The same ruling should not apply in those cases as is used where veterans go to foreign lands.

So far as war veterans allowance is concerned, there is also a need to meet the

situation of widows of imperial veterans who did not live for a full period of 20 years in Canada. Other members have dealt with this matter, have explained it very fully and have urged that the situation be remedied. The fact is, as we all know, that when provision was made to help these imperial veterans we had in mind the group of imperials who came here up to and including the year 1930. However, instead of saying that any veterans who had come here by that time would be eligible the amendment when passed in 1950 or thereabouts based qualification on the ground of 20 years' residence. Of course that meant that if the veteran died say in 1945 his widow could not qualify because the veteran had not lived in Canada for 20 years. This has been a mistake in draftsmanship and yet the department has never been willing to remedy it. That should have been done this year without any further hardships being imposed on this particular group.

Then there is the Pension Act. I believe the time has come to write into that act a presumption that injury or disease occurred after enlistment. As it stands at the present time, a veteran who suffers a disability now often has a ruling made against him on the ground that the disability originated before he joined the forces. In the second world war particularly medical examinations on enlistment were very thorough, much more thorough, as we all know, than was the case in the first war. I believe that the pension commission stretches things very far when it rules that a disability which the doctors could not find on enlistment actually existed then.

This was one of the points which the Legion emphasized when it appeared before the cabinet on November 10 of last year. At that time the Legion recommended that section 13 (1) (a) of the Pension Act be amended so that, where a pension applicant who served in an actual theatre of war is found to have a disability resulting from an injury or a disease not recorded on medical examination prior to enlistment, such injury or disease shall be presumed to have occurred or had its inception subsequent to an enlistment. There seems to be no good reason why that amendment should not be written into the Pension Act.

Another necessary change is to do away with the deadline against the marriage of a veteran which took place on or after the first of May, 1954. As the law stands at the present time, a veteran contracting such a marriage cannot get any allowance for his wife, and if he dies his widow can get no pension unless they were married before the first of May, 1954. The reason a deadline was written into the Pension Act in the first place was the fear that when Canadian veterans grew old they might be picked up by some young lady of 20 or 21 who was looking forward to getting a pension for the rest of her life. That was the basis upon which the deadline was written into the act. I do not think it ever had any justification in fact because the pension commission has always been given very wide discretion in such cases. If the veteran had not a reasonable expectation of life for a period of one year, then the pension commission has the power to refuse to grant the pension. Surely this change should be made now.

It is very significant that there is no such deadline in the War Veterans Allowance Act. I refer to the booklet on war veterans allowances which states that the widow of a veteran who died within one year of the date of his marriage shall be ineligible for the war veterans allowance unless it is considered that at the time of his marriage the veteran had a reasonable life expectancy of at least one year. A similar provision should be sufficient in the case of the Pension Act. Strange to say, there is a provision in the Pension Act that if the veteran has been living with a woman, although not married to her, before the deadline date, and marries her afterwards he can get the payment for a wife and she qualifies for payment as a widow; but otherwise if the veteran marries after the deadline date he cannot get any allowance for his wife and if he dies his widow can get no pension. It really is a ridiculous situation. I know some cases where very great hardship has been suffered as the result of the deadline, and I think it should be removed entirely.

The Legion has also advocated that there should be a change with regard to the date from which a pension can be paid. At the present time there is a restriction. Once the pension is granted it is not necessarily retroactive to the date on which the application for pension was made. It is true that power is given to the pension commission to make a six months retroactive award if the delay has caused hardship and distress and a further 18 months retroactive award where there are certain delays and administrative difficulties beyond the applicant's control. In an editorial in the March issue of *The Legionary* I find the Legion stating, and they should know, that the commission rarely recognizes the existence of such special circumstances. The editorial goes on to say:

> It is particularly interesting to note that no provision whatsoever is made for the correction of

an error on the part of the commission or any departmental doctor or official. If an error has been committed, the pensioner must remain the loser.

That situation, Mr. Chairman, is not good enough, and I believe that provision should be made for payment of the pension from the date of application.

The final problem which should have been met this year in connection with the Pension Act is the amount that can be paid to dependent parents. These are cases in which the veteran has lost his life. The pension commission is given power to make payments to a dependent parent or even to two parents if there should be a need. At the present time they can get only $75 a month for one parent and $100 a month for two. The Legion has recommended that these payments should be increased to $100 per month for one parent and $125 per month for two. If that were done, those figures would be in line with the figures for other pensions of a similar nature. Formerly the same figure applied all round and I do not see why the distinction was made when the Pension Act was revised.

Those are some of the problems, Mr. Chairman, facing the veterans of Canada today. Of course, there are others; but certainly those particular problems should have been dealt with this session. That brings me back to my earlier statement that there is a need now to attack veterans problems with renewed vigour and to get away from this tendency to think that everything is lovely and that we no longer need to do anything about the veteran or his dependents.

The place for action primarily is right here in parliament. The responsibility to these veterans and their dependents rests here on the members of the Canadian parliament. I suggest that we must see to it that Canadian veterans and their dependents who made such sacrifices for this nation not only shall not be neglected at the present time but shall never be forgotten.

Mr. James: Mr. Chairman, following the hon. member for Vancouver-Quadra I would be among the first to assert that certainly there are still veterans problems to be solved in this country. Despite the magnificent job the Department of Veterans Affairs is doing, I do not suppose all of those problems will ever be solved. However, I maintain that the department is doing a terrific job, that it is gradually whittling down those problems and solving them, and that it is making our veterans affairs administration the best of any country in the world.

Yesterday in the Ottawa *Journal* there was an extremely interesting article which I believe bears me out on this particular theme. It was written by Walter Gilhooly under the heading "The Ottawa Scene". It mentions two veterans, by name, Dave Polowin, and Lou Mirsky. Polowin was an air gunner with 425 R.C.A.F. Alouette Squadron. Mirsky was in the R.C.O.C. and third division. These two veterans apparently have started a rather unique delicatessen down on Elgin street. This article mentions their experiences following the war. I should just like to bring to your attention, Mr. Chairman, a little bit of this experience as one of them describes it. He states:

> I came back from overseas in 1946 and all that I had was the uniform on my back and the government owned that . . . Lou Mirsky wasn't much better off. We had, of course, our re-establishment credits and our war service gratuities. You should have seen this place—

This refers to their delicatessen.

> —when we started—a regular hole-in-the-wall. Three of us ran the joint—Lou and me and one employee. Now we employ 14 workers, and it costs us 50, 60 thousand a year to run the place.

Here is the part that I want to emphasize.

> D.V.A. fixed us up.

That is the Department of Veterans Affairs.

> They helped us finance and they guaranteed us salaries for six months in case the place didn't pay enough to keep us. D.V.A. gave Canadian troops the best deal any troops in the world got after the war.

I believe that is quite true, Mr. Chairman. I only want to add that I am quite certain that the majority or, in fact, practically all of the veterans in my particular area around Durham constituency feel exactly the same way, namely that they have been given a remarkably fine deal, and they have great respect for the Department of Veterans Affairs in all of its activities.

Mr. Herridge: Mr. Chairman, I rise to make a few remarks in this, as I suppose you might call it, most inspiring atmosphere. I must say that last Friday I listened with a great deal of interest to the minister's review of the activities of his department during the past year. Since listening to it, I reread his speech. I think there was some quite interesting information in his remarks. However, before going on to the few things I wish to say I must express my appreciation of the courtesy of the minister, the Canadian pension commission, the war veterans allowance board, the senior officials in Ottawa and the district officials in British Columbia, for the kindness and courtesy they have always extended to me when I have had occasion to place my troubles in their laps. I must say that their kindness and prompt attention to any of the problems I have had to bring to their attention have certainly assisted me better to represent my veteran constituents.

I think it is only fair, Mr. Chairman, that I should not omit the lady members of the senior staff. I have occasion to see them occasionally. Their charm, kindness, sympathy, understanding and knowledge is appreciated, I know, by a good many members of this house. I am sure it is quite safe to say that their knowledge, tact and kindness frequently acts as oil on the creaking wheels of administrative machinery. With others, I must say how much many of us regret the passing of Dr. A. P. Warner some time ago. I think it is only fair to say that, in his passing, the veterans lost a very good friend indeed. I want to mention the retirement of Brigadier Topp from the Canadian pension commission. He will be missed by many in this house and outside of it. I wish to make reference to the retirement of Mr. George Derby as western regional administrator on May 12 of this year after, I understand, 37½ years of service with the department or its predecessors. I first met Mr. Derby in Shaughnessy hospital in 1918 and I have known him since that time. I am sure there are many veterans in British Columbia and in western Canada who will have reason to remember his services in the department with gratitude and affection. I am sure there are thousands who will wish him a long and happy retirement.

Mr. Chairman, in listening to the minister I was very glad to hear of the review of 3,000 cases of pensioners whose disabilities were from 40 per cent to 45 per cent and to know that, as a result of that review, a substantial number of those veterans are now receiving a 50 per cent pension or more. Figures do not mean much to the general public in a case like that; but any one who has been closely connected with and interested in veterans affairs knows what a great deal it means to these veterans and their dependents whose pensions are now raised to 50 per cent or above.

I am very glad to know that the pension commission undertook that review. I was also pleased to hear of the review of the 6,000 cases of pensioners suffering from deafness or defective hearing, and that over half those pensioners will benefit as the result of this review. I was also glad to note that the department is adopting a more liberal policy toward dependent parents.

Another point the minister mentioned which was of interest to me was that over 3,000 adopted children are now receiving additional pensions. These things together do indicate an active and continuing concern on the part of the minister and his officials with these veterans and their problems.

[Mr. Herridge.]

As far as this committee is concerned, there has been one major achievement to the advantage of veterans this session, in my opinion; that is the making public of the table of disabilities, which the Legion has urged for many years. This session my attention was particularly focused on this question as a result of reading an article written by Adam W. Williams, chairman of the pensions, treatment and W.V.A. committee of the British Columbia command of the Legion. He dealt with the facts very well indeed and the need for the publication of this table. I must give major credit to the British Columbia command of the Canadian Legion for bringing this question to the attention of hon. members and others. I think it is quite correct to say that the British Columbia command, as the minister has known on occasions, is one of the most aggressive commands in Canada, and it is staffed with some very alert and active officers.

Before passing from this subject I must pay a tribute to Bob Macnicol, who has been closely associated with the Legion and the great war veterans' activities in British Columbia, and has done such excellent work. I think it is only fair to give credit to those people who have given such good service and, as far as Mr. Macnicol is concerned, since his retirement a great deal of voluntary service and time. This was a matter of some importance because I have heard it discussed at the Legion meetings; I have discussed it with veterans' advocates, and I have discussed it with officials of the Canadian Legion in British Columbia.

When I read the article I began to think just what could be done to ferret this out. I had a discussion with the hon. member for Winnipeg North Centre. I said to him, "I have a good notion to put a resolution on the order paper so we can have a debate on this specific question." He said, "Well, why not put a motion for production of papers?" I am one to pick other people's brains on occasions, and I immediately seized on the suggestion and placed a motion on the order paper for the production of papers. I am very glad indeed that the minister, after consideration, saw fit to allow that motion to be adopted unanimously by the house. Since then I have heard from a number of Legion officials, not in Ottawa, and from branches and from two or three veterans' advocates who said that to date it has been of considerable advantage to a number of veterans.

In concluding his remarks the minister also was frank enough to indicate that he considered that possibly some amendments were still necessary to veterans' legislation. That indicated he had an open mind and I am quite sure, being in that state of mind, he will listen

most sympathetically to any representations made by the Canadian Legion or hon. members.

The 16th dominion convention of the Canadian Legion was held recently in Vancouver, and this parliament of the Canadian veterans adopted a number of resolutions. The majority of those resolutions dealt with war veterans allowances, the Pension Act, the Veterans' Land Act, and resolutions that have come before the dominion convention of the Canadian Legion on a number of occasions. They are the hard core problems which the legion wishes the government to solve by necessary amendments to legislation. I am not going to deal in detail with those resolutions. The hon. member for Royal and the hon. member for Vancouver-Quadra mentioned them. I am simply going to mention them. I am not going to take the time of the committee to tell the minister what he already knows, but the veterans I represent asked me to support any suggestions in this respect and to bring their interest in this matter to the attention of the minister and his officials.

From my contact with veterans I think the most pressing problem is an amendment to the War Veterans Allowance Act that would raise the ceiling on permissive income so it would be $1,200 for single men and $2,000 for married men. From personal experience I know that would be a great help to a good number of veterans in this country. I say it is the most pressing problem and possibly the first problem in the minds of the greatest number of veterans. As a result of attending Legion meetings and discussing it with people in my constituency and in other places, I do most heartily support representations made in that respect. The Legion indicated its continuing interest in that matter even as late as March of this year, in an editorial in *The Legionary*.

I also want to support the plea on behalf of those veterans of the first world war who served in England only. They should receive the war veterans allowance. They are growing fewer and fewer in numbers. I am sure it would not be a great expense. The present circumstances are somewhat unjust and unfair for reasons mentioned by the hon. member for Royal and by four other hon. members.

It just happened that a veteran stayed in England. I know a veteran in my company who just before we left for France was transferred to the pay office and did his best to get out of it. He was an accountant, so he went to the pay office and stayed in London for the rest of the war. Another veteran went to France and stayed at Havre working around the camp. He gets the war veterans allowance. Really there was no possible difference in risk between staying in London in the pay office and staying in Havre working around the camp, both doing what they were told to do as soldiers. I do support the representations made on behalf of those veterans.

I also support the representations made on behalf of widows of veterans who now have 20 years' residence in Canada. As one who is interested in this, I must at this point mention the work done by the ladies of the non-pensioned widows' association. I also want to compliment the parliamentary assistant on his special and particular interest in this problem. I know he has been very kind to this group of ladies when they have visited Ottawa, and I know he pays particular attention to their problems.

My final appeal with respect to the war veterans allowance I have mentioned several times in recent years. It has to do with veterans who have to reside outside of Canada for health reasons and who obtain a certificate from a departmental doctor to prove it. They should continue to receive the war veterans allowance. They are very few in number indeed. I know from my personal experience of one very unfortunate case. Under the present law and regulations nothing can be done for this man; consequently he is now living in Mexico as the result of a fund which is being organized and to which his veteran friends contribute every month. I think they manage to send about $50 a month to him in Mexico City, and I am very happy to chip in my little bit to help out.

I also think there should be the few minor amendments to the Pension Act with respect to dependent parents that have been suggested by the Canadian Legion. Compared to what has been done these are minor amendments, and I urge the minister and the government to give consideration to them. That is all I have to say concerning the War Veterans Allowance Act and the Pension Act. Now I want to say a word with respect to the Veterans' Land Act.

First of all I must say the local administration so far as I can see is excellent, that part of it of which I have knowledge. The officials with whom I deal in my constituency are competent and always willing to try to deal with any particular problem to the advantage of the veteran according to the law and regulation. However, in my constituency there are over 200 veterans, particularly young married veterans, who are unable to take advantage of the small holding section of the Veterans' Land Act because of the acreage required. I know the minister looks at me as

if to say this is a boring topic and one which I have mentioned before, but this is a serious problem for veterans in a country with topography like ours where there are mountains, lakes and valleys and where it is not easy to obtain two or three acres of land. Most of these men are working in the mining industry or the lumber industry. A quarter of an acre is a quite sufficient area for a small holding for any man working in industry, and I suggest that further consideration be given to these particular circumstances and the regulations so amended that a veteran can obtain a holding as small in area as one quarter of an acre.

I think there is general recognition of the good work being done by the Veterans' Land Act administration. I have received one general criticism, not of the particular officials of Central Mortgage and Housing Corporation concerned nor of any individual, but for some reason or another veterans like to come under the administration of the Department of Veterans Affairs. It is a department with a head and a heart—some have considerable head but not very much heart—and I find it is the almost unanimous wish of veterans who have to build houses that the administration of all housing in which veterans are concerned remain within the jurisdiction of the Veterans' Land Act administration.

The Department of Veterans Affairs, Mr. Chairman, is spending about $245 million this year. Changing conditions and circumstances create new problems almost from day to day for the veterans, the dependents of veterans, the administration and the government. In our opinion a standing committee on veterans affairs is necessary if parliament is going to deal effectively and with fairness with all the human beings concerned.

I know that the area in which we can tackle the government with respect to veterans affairs is somewhat circumscribed. We have certain particular problems that are not settled. We will have other problems that will arise in the days to come, and that is why we think it is essential that there should be a standing parliamentary committee on veterans affairs. It would provide an opportunity for representations to be made by veterans' organizations. It would provide an opportunity for the hearing of evidence from the departmental officials and a resumé of their activities, and would give us a better understanding of the administration of the affairs of the department. It would provide for an annual review of veterans' legislation as the result of listening to representations made by veterans' organizations, for amendments and improvements, and it would provide the committee, in addition, an opportunity to make recommendations to the government as a result of these representations, this evidence, this hearing of the officials and as a result of the personal experience of the members concerned.

The request for a standing committee on veterans affairs is genuine and has been voiced from this side of the house and by some hon. members on the other side for some years. I think the need is obvious if we are going to serve the veteran to the best advantage. All that is required is recognition of that need and recognition of the facts by this government.

That is all I am going to say on the estimates at this time. I may have some comments to make under particular items, but at this point I shall conclude my remarks.

Mr. Churchill: Mr. Chairman, it was just about a year ago that we started to discuss the estimates of the Department of Veterans Affairs during last session. During the course of my remarks at that time I commented upon the fact that the Minister of Veterans Affairs for five years in succession had failed to make any statement at the beginning of his estimates. I did not think he would accept my advice which I tendered to him on that occasion, but to my astonishment he came forward this year and made a statement at the opening of his estimates.

That is an encouraging advance, and if the minister has charge of this department on some other occasion I hope he will continue that practice, because it is essential that a minister should review the work of the year and place it before the committee. Of course when I examine his statement made just a few days ago I find there are many omissions, but I am going to be patient and generous with him and hope for improvement as we go along.

I do not propose during the course of my remarks today to offer any criticism of the work of the officials of the Department of Veterans Affairs. I think within the limitations of the act and the limitations of the direction given to them they are doing an efficient piece of work but, if necessary, I do propose to be critical of the actions of the minister and the ineffectiveness of the legislation as I see it.

The minister pointed out that no legislation was introduced this year and seemed to imply by that remark that everything was all right. That struck me as being rather odd, because last year the estimates of this department went before the estimates committee of the House of Commons and a fairly exhaustive study of the Department of Veterans Affairs

was carried out in that committee. Various officials appeared before us and gave the committee all the information that was asked for and disclosed to us that they are as efficient as any members of the civil service. During the course of that comprehensive study of this department last year several points came up which I thought would be reviewed in the interval, and I expected that the minister would comment on them at this time.

In the estimates committee we went into the subject of the rates of pension with considerable care. Facts and figures were produced. For perhaps the first time the pension commission in the person of the chairman appeared before us and gave a great deal of information with regard to disability pensions. I thought we indicated to the minister at that time, and subsequently when the estimates came before the committee of the whole house, that the pension rates were not entirely satisfactory.

We get the same thing in connection with war veterans allowances. We went into that and pointed out the alterations that should be made to improve war veterans allowances. We discussed at considerable length the benefit of doubt section in the veterans' charter, yet nothing is said about it this year by the minister. We discussed at considerable length section 13 (2) of the Pension Act which provides for the granting of pensions to veterans or dependents where the veteran has suffered injury or death in connection with a disability which arose out of or was directly connected with his military service. That section has been a stumbling block for a number of years in connection with the granting of pensions. It was discussed thoroughly by the committee which sat last year, but it is passed by without any comment by the minister this year.

We discussed also the question of pensions for men who served in England in the first world war, but it passes without comment this year. We discussed at some length in the estimates committee and again in the house last year the problems of our veterans. We urged the setting up of a standing committee on veterans affairs, but again no result.

That is not good enough. There was a much more exhaustive study last year of the affairs of the Department of Veterans Affairs than we have had in previous years. The officials were there to be examined and to answer our questions. Problems which required rectification were brought to the attention of the minister. Yet the minister informs us that there is to be no legislation brought down this year, which gives the impression that everything is fine with regard to veterans affairs. Consequently we are placed once again in the position of having to draw to the attention of the minister the fact that everything is not right with veterans affairs. Some changes need to be made and should have been made long ago. They can still be made. Just a few minutes ago the hon. member for Durham was telling us how wonderful the veterans' charter was, and he quoted from a newspaper to the effect that members of the forces had benefited greatly after the conclusion of the last war from the assistance they had received.

That is all very well, but it should be placed against what is contained in the departmental report of 1955, the last one that is available to us. That indicates that 5,305 veterans of world war I made application to the pension commission for decisions of one sort or another. The same report contains the information that disability pensioners of world war I made application to the pension commission for additional or other allowances to the number of 1,543. Similar information with regard to world war II shows that in 1954-55 veterans of that war made 8,873 applications to the Canadian pension commission. If everything were perfectly all right with regard to veterans legislation we would not have applications of that nature coming before the pension commission at this stage, certainly not from veterans of world war I. It is quite obvious that the situation is not quite as rosy as some people attempt to make out.

As I pointed out to the house last year, and as I repeat this year, a fairly exhaustive study indicates that the picture with regard to those who are on pension is not particularly satisfactory. The chairman of the pension commission gave figures to show that in the case of world war I pensioners, those receiving a pension of 50 per cent or better constituted only 25 per cent of the total number. Three-quarters of world war I pensioners are receiving pensions of less than 50 per cent, and the average pension is $32.64.

World war II pensioners receiving pensions of 50 per cent or more constitute 17 per cent of the total, and 83 per cent are receiving pensions of under 50 per cent. The average pension for world war II pensioners is $24.52. It is quite evident from those figures that the Canadian pension scheme is not particularly generous. If it were a generous scheme, how does it come about that 10,000 disability pensioners have to receive additional assistance by way of war veterans allowances or other assistance plans?

Things are not as satisfactory as some people would try to persuade us, and much more

activity is required on the part of the minister to make sure that veterans are not in trouble. It is for that and other reasons that we keep asking for a standing committee on veterans affairs where matters such as this could be reviewed. Otherwise things are likely to be taken for granted. As I have pointed out, the work of the pension commission did not come under detailed review until last year, before the estimates committee; at least not for a number of years. The facts and figures which I have given emerged from that review.

A standing committee meeting every year would be able to receive representations from veterans organizations, would be able to interview the officials of the department, and could keep closely in touch with the veteran situation throughout the country. We must remember that this is a continuing problem. It is safe to say that for 70 years after any war there will be problems concerning the veterans of that particular war. The figures shown in the departmental report indicate that the ages of world war I veterans run from 50 to 99 years. Those who are in their fifties on that disability list may live until they are 99; thus you could have another 40-odd years in which you would have to deal with disability pensioners of world war I. The ages of pensioners of world war II run from 25 to something in the sixties, so there will be a long period ahead in which problems affecting veterans of world war II will have to be considered. We are not going to get rid of the problems facing our veterans for a long time, and we must settle down and accept the fact that we have to look after the veterans of wars in which Canada has been engaged. Don't forget that the South African veterans are still with us. So for those reasons and others a standing committee on veterans affairs is the proper thing to set up. There too we would discover some of the reasons why there are so many thousands of applications for pensions being made even at the present time by world war I veterans. We might be able to find out why so many of those applications are brought forward and why so many of them are turned down.

May I point out to the minister, and he may pass the word along to his officials—and this is the only criticism I am making of the officials—that it is about time they altered a sentence in their departmental report. I think I drew it to their attention last year. If I did not I do so now, and if I did I repeat it. In the report in 1951, and it is repeated in the reports of 1953, 1954 and now in 1955, words like this appear in reference to applications for pensions:

> In all cases, every effort is made to obtain final settlement without recourse to an appeal board—

I worked out the figures and discovered that despite all those efforts, 91·2 per cent of all first and second hearings failed. So I think the sentence is completely meaningless. It occurs in the report for 1955 with the additional phrase added:

> —and in many instances finality is reached by this means.

That does not happen. Most of these applications fall to the ground on first and second hearings despite all these efforts. I think a standing committee on veterans affairs might investigate that particular problem and see whether anything could be done about it.

I am not going to cover the ground that has already been touched on by other members on this side of the house, but I certainly am in complete sympathy with the veterans' organizations that continue to press for attention with regard to disability pensioners, that continue to press for attention to the War Veterans Allowance Act and the regulations thereunder, and that continue to press for increased financial assistance to war veterans. I am not going to touch on the question of casual earnings; that comes up every year. It has been mentioned here again this year, and the veterans' organization continue to draw it to our attention. These are problems that are pressing; they affect individuals many of whom are in desperate circumstances.

It is certainly not right for anyone to attempt to create the impression that everything is all right with regard to veterans affairs in Canada and that there is a great charter which looks after all the veterans. My investigation shows that that is not so. I am not going to repeat the figures I used last year, when I dealt with this at some length and indicated that thousands of veterans have not received any assistance whatsoever since the first world war, and the same is going to be true of veterans of the second world war. Many thousands, of course, have not asked for assistance, but it struck me as very odd when I looked into it last year that half the number of those who had been wounded in the first great war had not been placed on the pension roll, and it strikes me as odd at the present time that men are getting pensions now, 40 years after the first world war, for gunshot wounds suffered then.

I noted that the minister referred to a review made of about 3,000 pensioners who were receiving disability pensions of 40 per cent and 45 per cent. He stated the other day that a very substantial number of these awards were increased to 50 per cent and

more, making their dependents eligible for an award in the event of death. I had hoped there would be a table in the 1955 report indicating that activity—it may be there and I have not found it—or that the minister would give us the exact figures and not merely the statement that a very substantial number of these awards were increased. Why not pin it down and let us have the actual number, and give us the percentage of those who now get 50 per cent or more pension so we may make a proper comparison?

I think it would not hurt at all for a standing committee on veterans affairs to examine the matter I raised last year in the estimates committee and mentioned in the house, that a ceiling seems to have been set on the amount of money available for pensions over the years. I have traced the course of these for 20 years. There seems to be a ceiling, and as men die others can be added to the pension roll. Why did it not happen that a few years after the first world war the number on pension went away up to a high figure and then declined, instead of running almost level for a long period? I asked the question in regard to the second world war. Why should not the pension roll for the second world war have mounted very rapidly and then soon started to decline? If you look at the record you will find that there is a sort of dead level for 25 years, and that year after year men are being placed on the pension roll.

The only conclusion I can draw is that some ceiling has been set over all these years for these pensions, and as 800 or 1,000 men die each year, the pension board can receive applications from and consider adding to the pension roll 800 or 1,000 men, so the financial obligation remains the same. A standing committee could look into that as well as other things.

I have some other remarks on the Department of Veterans Affairs to be made later.

Mr. Patterson: Mr. Chairman, at this time I wish to record my support for a number of suggestions relative to veterans' legislation. This afternoon we listened to the hon. member for Durham congratulating the department on the splendid achievements of the past, and he made some remarks relative to the widespread satisfaction that exists with regard to the legislation as we now have it. I am sure that none of us believe that every problem has been taken care of and solved, but I may say that all veterans and those who are interested in veterans affairs are appreciative of what has been done. Nevertheless, I think they will take at face value the implications in the minister's speech the other day, when he made the remark that further amendments would be possible in the future. Certainly we shall be looking forward to the introduction of some of those amendments, and we hope it is going to be in the not too distant future.

The hon. member for Vancouver-Quadra, in speaking this afternoon, made the statement that some of these problems would be solved when the Progressive Conservative party forms the government. I certainly hope we do not have to wait that long, because if that is so there will be a great many more opportunities to raise some of these very same problems in the future. However, we hope that as the days go by the minister and his department will give serious and favourable consideration to many of the subjects that have been raised in the course of this debate.

It has been indicated that one of the main problems faced by the veterans and those interested in veterans affairs is the matter of the permissive income. In reading the speech the minister made when introducing his departmental estimates I noticed that he referred to the significant change that had been made in the War Veterans Allowance Act last year with reference to the rates and the ceilings. Prior to the introduction last year of the legislation to which the minister referred we had hopes that he would be prepared to meet the requests of the Legion and the other veterans' organizations with respect to permissive income. However, when the legislation was introduced, we were disappointed to find that he had only gone part way. Perhaps it was just meant to appease those who had been persistent in their requests for increases. However, whatever the reason the department did not see fit to go all the way and grant the requests that the permissive ceiling be raised to $1,200 for single recipients and $2,000 for married recipients.

I think some satisfaction was taken in the view that these increases had taken care of the situation to a large extent. When we think of the entire picture and consider those who have the opportunity to supplement their allowance or income by casual earnings, perhaps such recipients are in a fair position; but then we are also reminded of the fact that there are those who are not in a position to take advantage of the casual earnings clause. There are those who are not physically able. There are those who are unable because of the economic situation in their communities. They do not have the privilege of supplementing their income, and we find they are still in a very difficult financial position. I think the minister and his department should give serious consideration to that particular class.

Another group to whom references have been made during the course of the debate are the veterans who are residing outside of Canada. I raised this same matter with respect to old age pension recipients. I felt that they should not be disqualified if for some particular reason, health or otherwise, they were required or desired to live outside of Canada. Certainly I feel just as strongly in the case of veterans who, for health or perhaps other reasons, want to live outside of Canada. I do not see why they should be disqualified so far as the war veterans allowance is concerned.

I know this matter has also been brought to the attention of the minister and the department not only during the course of this debate but on other occasions, and also by the Canadian Legion and the other veterans' organizations. I trust it is still under consideration. If not, I hope the minister and his department will take it under advisement and give serious consideration to this particular matter having to do with veterans' legislation.

There is another request to which I should like to give my support. I refer to the request on behalf of the widows of those who served in the allied forces during the first war and whose husbands died before they had fulfilled the 20-year residence qualification entitling them to the war veterans allowance. I believe this matter has also been given consideration by the department, but for some reason or other they have not seen fit to accede to the request. I suggest that the recommendation that when the widow has fulfilled the 20-year residence qualification she should be qualified to receive the allowance is valid and fair, and I would suggest that this recommendation be given consideration and the request acceded to.

There is another matter to which I referred last year during the debate on veterans affairs, and I believe it has also been referred to today. It has to do with those veterans who served in England during the first world war but did not get to the actual scene of battle. Last year when I spoke I referred to the fact that I had not been aware that during the first world war even those in England were subjected to enemy attack and bombardment. I think that should qualify them to receive the war veterans allowance, because I imagine there may have been some, perhaps not many, who crossed the channel, set foot in France and yet were not subjected to even the same degree of attack and bombardment as these men in England were on some occasions. It has also been indicated that the conditions in England under which these veterans were required to live were difficult, and this fact certainly should warrant some consideration of the matter. Again, their service in England may have been more arduous than in the case of some of those who perhaps just landed in France and did not actually go into a theatre of combat.

While discussing veterans affairs with veterans' leaders in my own constituency one particular matter was drawn to my attention, and I want to pass it along to the minister at this time. It is the request that consideration be given to providing medical services, drugs, etc., to the wives of war veterans allowance recipients. I feel this is a request which should be given serious consideration. I know this matter has also been raised before and drawn to the attention of the department; nevertheless up to the present favourable action has not been taken in relation to the request.

These are some of the matters to which I should like to draw attention. Perhaps they have all been mentioned before. It has been suggested today that some of these problems have been brought to the attention of the house and the department on many occasions, that they have been contained in briefs submitted by the Canadian Legion and other veterans' organizations. It may be that the department feels there are justifiable reasons why the requests should not or cannot be granted, but I certainly feel that until these requests are met and the problems are solved we should not be too ready to settle back and take the attitude that the veterans' charter covers all the problems that confront our veterans in this day and age.

In introducing his estimates the minister referred to the fact that with the exception of one minor amendment to the Veterans Business and Professional Loans Act, no veterans' legislation was to be introduced at this session. I trust that is not an indication that no further pressing problems are evident, and that we can settle back and take a breathing spell and perhaps review the situation again in the years that lie ahead. These matters call for urgent consideration.

The request has been made that a standing committee on veterans affairs be set up. I think I have heard the same request made in the past three sessions during which I have served in the House of Commons. I have also seen this subject referred to in the various veterans' periodicals. However, so far the government has not seen fit to set up such a committee. Last year a special committee was established to deal with veterans' legislation that would be referred to it. I know we appreciated the setting up of that committee last year, but even at that time we indicated that we felt it was not adequate

for the needs because of the fact that the terms of reference were limited to those matters which had been referred to it by the house. This session we have not even had a committee set up in this session.

I think this is another indication that perhaps we are kind of settling back as far as the veterans' legislation and the veterans' problems are concerned. I certainly hope that favourable consideration will be given to the setting up of a committee and that the request that has been made on so many occasions in this regard will be acceded to.

So, Mr. Chairman, I call attention to these problems, I give my support to the request for a solution to them, and I trust that the minister and his department will give serious and favourable consideration to each and every one of them.

Mr. Philpott: Mr. Chairman, I have no intention of unduly delaying the passing of any of these items, but I think I should make some comment on some of the statements made from the opposite side of the house today and one statement made by the hon. member for New Westminster the other day.

While I generally agree with what my good friend the hon. member for Winnipeg South Centre said, I thought he made one most unfortunate suggestion, and one which certainly will do the cause of the veterans in Canada no over-all good, when he suggested that there was some kind of sinister thing like an over-all ceiling on expenditures and therefore new applicants could be taken on the list as pensioners only as the old ones die off, or something to that effect.

When that suggestion was made, I think last year, I discussed this rather remarkable proposition with some of the responsible officials. I found, of course, that they were highly incensed at the implication or insinuation that there could be anything of this kind because it was, to a certain extent, a challenge to their integrity. I think it is obviously true that of all the departments in this government, there is no department of government where the officials from the top to the bottom give more faithful and fairer service to this house and to the people of Canada than do the officials of that particular department.

On reflection I think my good friend the hon. member for Winnipeg South Centre will realize that, while it is a very melancholy thought, any good statistician can figure out in advance how many of us "old sweats" are going to die off every particular year. I think nobody but the Lord God Almighty himself can tell whether the hon. member for Winnipeg South Centre or the hon. member for Vancouver South is going to be with us next year; but I think any good statistician can say how many of the veterans of world war I, of age 60 to 70, are going to be with us one year from now, how many are going to be with us five years from now, how many are going to be with us 10 years from now and so on down the list.

I therefore think it is quite obvious that the statisticians of the department always know in advance just what the trend is; and I believe the implication is most unfair that they are slanting their judicial decision as to the eligibility of applicants according to the amount of extra money that might be made available from "old sweats" passing to their reward.

Then with regard to some of the remarkable misstatements made by some of the members of the opposition, I thought also that my good friend the hon. member for New Westminster was certainly on false ground the other day when he suggested this. I forget how he put it, but it was to the effect that the British Columbia government had a grievance against the federal government for not giving free treatment to war veterans allowance recipients. Mr. Chairman, everybody in British Columbia including the people on war veterans allowance is forced to pay the 5 per cent compulsory sales tax which is collected for free hospital treatment.

Mr. Patterson: No, it is not. It is 2 per cent.

Mr. Philpott: If we are going to charge to the people what they ought to pay to the federal government, the government of Canada should be presenting a hospital bill to the Social Credit government of British Columbia every year to make up for the free hospital treatment that is given the veterans allowance patients in federal hospitals, for which not a single cent is charged to the Social Credit government of British Columbia.

Mr. Patterson: Put the record straight. It is 2 per cent, not 5 per cent.

Mr. Philpott: It is 5 per cent over-all. All we know is who pays it and how much. I think it is a very poor suggestion for the hon. member for New Westminster to make, especially when the same Social Credit government of British Columbia will not even make eligible for hospital services the incoming dependents of the people in the armed services until after they have lived in British Columbia for so many months. I think it is a year or so many months additional.

Mr. Patterson: I think they tried to work it out with the federal government, did they not?

Mr. Philpott: It takes two to make an agreement.

Mr. Patterson: That is the trouble.

Mr. Philpott: I think they had better start. To concentrate now on the happier side, I cannot agree either with some of my hon. friends opposite that there have been no improvements in the general set-up. I know this if my own mail bag is any criterion, and I think I probably get as much mail as most members of this house. I know that in the first year of this parliament my mail ran to over 1,000 letters per month asking for increases in the war veterans allowance, for the raising of ceilings on casual earnings and so on. This year I do not think I have had four letters from my constituents on the general question of increases or anything to do with the general set-up of the war veterans' system. I have had some letters of the other kind.

I remember one of the first modest things I tried to do when I came to this house, apart from doing what other members on both sides of the house were doing, namely trying to get increases in war veterans allowances which we subsequently succeeded in getting. I remember that one of the first letters I wrote was to the present minister.

May I interject here for just a moment, Mr. Chairman, that I have heard some rather ridiculous talk from the other side of the house about wanting a full-time minister. Our minister is a two-handed minister, quite capable of carrying two jobs at once. If the time ever came when he was not able to carry out one job with each hand, I know which job would be given up. The Prime Minister would be looking for a new postmaster general, because the veterans of Canada are smart enough to know that they have the most friendly and co-operative of all the distinguished ministers who have held this distinguished post. None has had a greater and more deserved hold on the affections of the veterans of Canada than has the hon. gentleman who sits in that position today and who is too modest to say so himself.

May I mention one of the relatively small things which we sometimes find pay big dividends. I remember almost the first day I got in this House of Commons—certainly in the first week or month—taking up the question of making adopted children eligible along with natural children for the allowances drawn by veterans. This year we saw in the report that several thousand of these children are now drawing those allowances.

Sometimes when we think of it in terms of how much it costs the country we may be inclined to forget the human equation. I have a letter in my file from a very fine war veteran in British Columbia who has a couple of children of his own and three adopted children of rather mixed parentage, perhaps. I remember both that man and his wife telling me that they were not so much interested in the actual allowance they would draw for those adopted children, but it was the idea that they could tell those children that the government of Canada had just as high a regard for them as it had for the natural children born in the ordinary course of the marriage relationship. Perhaps some of these small things are just as important in human terms as some of the spectacular things about which we all hear.

One other thing in the report this year that certainly warmed my heart was that somebody—I do not know who was responsible; perhaps it was a combined effort—took it upon himself or themselves to review the assessment of all the disability pensioners in the 40 per cent and 45 per cent disability group. We all know, Mr. Chairman, the practical effect of that was to make eligible for widows' pensions, when the unhappy occurrence takes place that the husband passes on and the wife remains, several thousand Canadian women who were not eligible until that general over-all revision.

While I do not think, Mr. Chairman, there is anyone certainly on this side of the house who is going to be inclined to rest on the laurels of our pension legislation, I certainly do not think we have anything to be ashamed of. I remember just about a week or so ago reading a long account in the New York *Times* of the discussion in the congress of the United States of the proposed revisions in their pension system, and it certainly gave me a thrill to read that even after all these years the United States has nothing that can remotely compare with the system we have in Canada with respect to disability pensions and war veterans allowances. After all these years the great rich United States, by far the richest country in the whole world, is only now coming around to propose, if you please, a very moderate and limited form of system which we have had ever since 1930 in our war veterans allowance legislation in this country. When I say we have had it ever since 1930 I mean we have had it by reason of the support that veterans' reforms have always received from all sides of the house.

I am not going to close my little talk today without making some practical suggestions. I believe we should have a select veterans' committee of this house meeting more often.

I certainly hope there is a veterans' committee next year if we get a chance to set it up. In any event, there are certain things we were not able to bring to finality at the last session of the veterans' committee which I personally would like to see reconsidered. One thing in particular I would like to see reconsidered is the question of the eligibility for war veterans allowance of world war I men who served only in what is called the British theatre, especially as the people in world war II are eligible for that allowance.

It will be remembered, Mr. Chairman, that when we had our last veterans' committee at the last session of parliament, the veterans' organizations of Canada were sharply divided on this particular question. While the Canadian Legion was strongly in favour of making eligible those who had served only in England in the first world war, there were other very powerful and very widespread veterans' organizations which took a very strong position against that suggestion. I say time is marching on. In my opinion this is one subject at which we should take a second look and of which we should certainly take a more liberal view.

There is one other thing I should like to mention. I do not think any other hon. member has mentioned it so far. If he has, it must have been done when I was not able to be here. I think it was a very fine thing that the minister and the government have agreed to the proposals of the Canadian Legion and have decided to build here, on one of the finest sites in the capital of Canada, a fitting cenotaph or national memorial to the fallen of all wars.

I know, Mr. Chairman, that the beautiful memorial to the fallen of world war I which stands in Confederation square is a fine and inspiring work of art, but for various reasons it could never be transformed into a fitting memorial for the fallen of all wars. Someone pointed out to me the other day that even in its cultural aspects it is dated. I think of the gunners and their artillery horses. That was certainly all right for world war I, but I do not think the people of world war II would even know how to put the harness on the horses, let alone what to do with the spurs and so on. Therefore I think it is a very fine thing that the government has decided to yield to the suggestion of the Canadian Legion to build on one of the finest sites in the whole Dominion of Canada a fitting permanent cenotaph at which suitable ceremonies can be held from year to year.

Sometimes I think, Mr. Chairman, it would be almost worth the price if this nation would pay the fare of people across the ocean to the great battlefield of Vimy Ridge to see what I think must be the most inspiring war memorial in the whole world today. I know that I have never looked at anything which moved me as much as did the sight of that beautiful work of art which stands on the crest of the hill dedicated forever to Canada by the grateful French nation. I think if we assign our best artists and our best sculptors to design something equally fitting for the site in Ottawa we shall have done something of which this house will always be proud and of which no Canadian need be ashamed.

Therefore, Mr. Chairman, without taking up the time of the committee any further, may I say there should be no disposition whatever for us in any part of this house to rest on our laurels in regard to veterans' legislation. What we have done is good. There are some spots in which it could be better, but we have given a fair break to the people who served this country in her hour of need.

Mr. White (Hastings-Frontenac): There are just one or two matters on which I wish to comment very briefly. The first is the remarks of the minister at page 5748 of *Hansard*. He advised us of the review made by his department of the pensioners who were receiving 40 per cent and 45 per cent disability pensions. I should like to ask the minister whether that is the start of a review of the cases of all pensioners who receive less than 40 per cent, in the hope and expectation that physical changes that have taken place over the years will show that they are entitled to a larger pension.

The minister should be commended on what he has done in that respect, and I sincerely hope that he and the officials of his department will review the cases of all other pensioners who receive less than 40 per cent. I would also like to have the minister explain to the committee the yardstick or whatever it is that is used in establishing the percentage of disability pension of the husband to which the wife is entitled on his death. I know it is 50 per cent, but I would like the minister to explain to the committee why and how they arrived at 50 per cent, and also why the widow of a pensioner who receives a 10 per cent to 45 per cent disability pension is not entitled to at least some pension on the death of her husband.

The minister may reply that if the veteran receives a 30 per cent pension his wife would be entitled to war veterans allowance on his death and that is quite true; but as the minister knows, when the widow reaches 70 and receives the old age security pension her war veterans allowance is reduced accordingly. On the other hand if she were in receipt of a pension on account of her husband's disability she would be able to retain that and

also receive the old age security pension. I for one would be interested in having the minister tell us when he speaks how and why it has been set at 50 per cent and why his department feels that the widow of a veteran who receives less than a 50 per cent pension is not entitled to a pension on the death of her husband.

The second point which interests me is a point the minister must be tired of hearing, and that is the old question of the veteran who served only in England in world war I. On Friday last the hon. member for New Westminster read into the record an interesting letter from Mr. Garneau, chairman of the war veterans allowance board. In that letter Mr. Garneau made a most interesting statement in which he said:

> . . . in accordance with the act, veterans of world war II who had actually left the shores of Canada before the 8th day of May, 1945, and were on their way to an actual theatre of war, may be deemed to have been on service in a theatre of actual war outside the western hemisphere.

Nobody is going to quarrel with that, Mr. Chairman, but it does seem rather far-fetched that a veteran of world war II could leave the western hemisphere, and even before reaching England, when the war was over for the purpose of the War Veterans Allowance Act he could be classed as having served in an actual theatre of war. In view of the interpretation put on the matter by the chairman of the war veterans allowance board it seems difficult to understand why the minister cannot amend the act to classify England as a theatre of war as far as world war I is concerned in relation to the War Veterans Allowance Act.

The third point with which I wish to deal was mentioned previously this afternoon by the hon. member for Kootenay West, and it is with regard to the acreage under the Veterans' Land Act. The minister and his officials must know that the price of building lots has increased considerably. Not only that, but due to the change that has taken place in the various provinces—in my own province of Ontario, for example—the tax rate has become very high and if the veteran has to have the number of acres required by the present regulations he must be penalized by paying a high tax rate each year.

For example, in the small village in which I live the average lot is one quarter of an acre in size; I think that is the standard size. A building lot would cost between $200 and $800 according to its location. The municipal tax rate this year is 80 mills. The minister can readily see that if it is necessary for the veteran to have the required number of acres he has to acquire land at a high price and he will be penalized each year by having to pay extremely high taxes.

The only other matter I wish to mention is with regard to the pension board. I still feel there are too many cases in which the officials are not giving the veteran the benefit of the doubt, and in far too many cases they continue to hide behind the old statement that the disability was pre-enlistment and not aggravated by war service and therefore the veteran is not pensionable. To give you an example, I have in my hand a letter written to a veteran by one of the medical officers at Sunnybrook hospital. In reporting to this veteran the doctor made the following comment:

> The information regarding your findings has been forwarded to the Canadian pensions commission and I understand your claim is still under study. I would think it most likely that they will find it a pensionable disability in view of our recommendations.

This report was written by a doctor who had been in charge of this veteran for several months; but despite his report, when the matter came before the officials of the pension commission they said this was the old case of the disability being pre-enlistment and not aggravated by military service, and therefore the veteran was not pensionable. In view of that I would say to the minister that I think there must be something wrong in this particular case. An outstanding medical man wrote to the veteran setting out his views on the case, and surely he must know more about it than anyone on the pension commission. Despite this fact the old alibi concerning it being a pre-enlistment disability cropped up.

I agree wth the remarks made by the hon. member for Royal on Friday and the remarks made by the hon. member for Vancouver-Quadra this afternoon. Before I sit down I would like to emphasize again to the minister that I think he must be sufficiently satisfied, in view of the many remarks made this afternoon concerning the benefit to be derived from a veterans' committee, that he will find it possible to recommend to the government the setting up of a permanent committee on veterans affairs.

(Translation):

Mr. Dufresne: Mr. Chairman, I understand the enthusiasm shown by the hon. member for Vancouver South (Mr. Philpott) who attempted to make out that the hon. Minister of Veterans Affairs (Mr. Lapointe) is a superman by reason of the fact that he now

heads two departments in the cabinet. However, I disagree with him, because the Department of Veterans Affairs having become one of the most important in the federal administration, I believe that the minister should be relieved of his additional duties so that he may devote all his time to the department to which he had been named previously.

Mr. Chairman, under present conditions, I do not believe it is good for the country to ask any human being to head two departments in the cabinet. I hope that the right hon. Prime Minister (Mr. St. Laurent) will soon take steps to fill the vacancy at the Post Office Department so as to enable the present Minister of Veterans Affairs to devote all his time to those who loyally fought for peace and the defence of our territory.

I wish at this time to make a few remarks about matters which no doubt have already been mentioned but to which I want to refer again.

On behalf of veterans, I would like to urge that the ceiling on casual earnings be raised to $2,000 from the present maximum of $1,400 set for married veterans. This would seem to me only fair and reasonable, in view of the higher cost of living, that these married people be allowed an income of $2,000 a year. In the case of unmarried veterans, I believe also that it would be but fair and reasonable that the ceiling be raised from $840 to at least $1,400.

Mr. Chairman, I would like to make a correction. When I referred just now to the basic earning of married people, I should have said $1,200 and not $1,400. In fact, that was the recommendation made by the Canadian Legion to the department. I support this recommendation most wholeheartedly, and I hope that it will be taken into very serious consideration by the department concerned.

I would also like to say a word about the status of veterans who fought in the first world war, as compared to that of veterans of the second great war. Everybody knows that the war veterans allowance was granted to those first world war veterans who had served in what has been called a theatre of war. If we look at history, however, we will find that, at the end of the first world war, large numbers of soldiers were sent overseas to Europe. A certain number of them were sent to the theatre of war, which happened to be France at that time, others being sent to England, in order, no doubt, that their services could be used there. At that time England was not considered to be a theatre of war. Now those who came back from what was then considered to be a theatre of war, that is to say France, were fortunate enough to receive an allowance from the department.

Mr. Chairman, I earnestly ask the government, at this time, to do away with what I would call this unfair discrimination between veterans of both world wars, the ones of the first war being refused the allowance granted those who served as I said a while ago, in a theatre of war.

It should not be forgotten that those who were at that time sent to England rather than to France did not choose their destination. They went because their superior officers ordered them to go. To my knowledge, no one refused to be sent either to France or to England.

I also believe, Mr. Chairman, and I think all hon. members in this house share this opinion, that veterans of the first world war had no less courage than the veterans of the last war, and that they served their country with the same loyalty as those who fought from 1939 to 1945 and also in the Korean war. Those veterans of the first world war, who for the most part are now 65 years old or more, find themselves in a painful situation, to say the least, particularly those who receive no allowance whatever.

We all know that most employers will not take on people who have reached 60, and more particularly those who are over 60, although a man of 60 is, quite often, still able to work and can sometimes do a day's work better than people much younger.

I believe that all those who fought gallantly and risked their lives in the first world war should get a more tangible mark of gratitude from the government.

It is a well known fact that from 60 to 70 is the most awkward age to get a job, since, as a rule, employers will not take on people in that age group, not for lack of sympathy but because insurance companies will not take responsibility for what might happen to those who are over 60, even when they are in the best of health and can render excellent services.

Therefore, I would ask the department, and I am speaking now on behalf of many war veterans who live in the constituency which it is my privilege to represent, that such allowance be paid in order to assist them. It is true that in the province of Quebec, at the age of 65, when one is an indigent, one may draw an allowance which enables—

Mr. Boisvert: That is so in all provinces.

Mr. Dufresne: I beg your pardon?

Mr. Boisvert: That is so in all provinces, and not only in the province of Quebec.

Mr. Dufresne: Now, I am not discussing what is done in the other provinces. I would be grateful to my hon. friend if he would let me have my say. I say that, in the city of Quebec—I am referring to a particular case in which I am interested—and I am willing to let others tell what goes on in their own ridings—

Mr. Boisvert: But, when one undertakes to state facts, they must be actual facts.

Mr. Dufresne: No, my hon. friend wants to give lessons in procedure in this house. Indeed, yesterday, or rather the day before yesterday, we saw him trying to pose as chairman and Speaker. Yet he knows that he lacks the qualifications, as he was told by the Prime Minister, in his speech, not to aim at this post. He therefore should leave others alone when they are speaking.

(Text):

Mr. Boisvert: Mr. Chairman, on a question of privilege, the hon. member for Quebec West is entirely out of order. He has made the allegation that in the province of Quebec people 65 years of age are getting pensions. I raise the question that that legislation applies not only to the province of Quebec but to the country as a whole. All people of 65 years and over are getting pensions. That is the only thing I mention to the hon. member, but he does not answer my interjection, and he is trying to bring in a question outside the argument that he started to develop. I think the hon. member should be brought to order and resume the speech that he is making.

Mr. Dufresne: Mr. Chairman, I was mentioning—

Mr. Boisvert: Mr. Chairman, I have something else.

Mr. Dufresne: Why don't you sit down for a moment? Your speech is over. I have listened to your point of order. Take your seat. Mr. Chairman, I was mentioning what was going on in my own province. That is my privilege, to say what is going on in my province, and I leave it to the other hon. members in this house to say what is going on in their provinces; that is their privilege as well as mine.

[Mr. Dufresne.]

I do not see any point of order in what was brought up by the hon. member for Nicolet-Yamaska. Whenever someone from this province gets up he always has something to say. He is trying to play the game of Speaker. As you should know, the Prime Minister himself told him two days ago that he had no competence to be a speaker of this House of Commons, that there was only one man who had.

Mr. Boisvert: Mr. Speaker, before—

The Chairman: Order. May I remind both hon. members that we are discussing the estimates of the Department of Veterans Affairs. If I understood the point of order correctly, the hon. gentleman was discussing old age pensions rather than—

Mr. Dufresne: No.

The Chairman: —pensions under the Department of Veterans Affairs. We must limit our discussion to this department.

Mr. Dufresne: I think I should now speak on the point of order raised by my hon. friend from Nicolet-Yamaska. I was not speaking about old age pensions; I was just mentioning the fact that veterans from 60 to 70 years of age should have a better deal from this government. I mentioned that fact as applied to my province. I did not mention the other provinces, though perhaps I should have mentioned them. I am talking about the province in which I am interested at the moment, and those I represent. Those I represent are in the province of Quebec, and I say that if they are needy persons they are privileged, when they are 65 years old, to draw pensions from the provincial government. That is all I was talking about. I was not speaking about anything else.

An hon. Member: We pay half.

Mr. Dufresne: The hon. member for Nicolet-Yamaska always tries to make others believe that he is a master of procedure.

Some hon. Members: Oh, he did not mention procedure.

Mr. Boisvert: You will know from me—

Mr. Dufresne: I invite the hon. member for Nicolet-Yamaska to come into Quebec West at any time he wishes to—

The Chairman: Order. May I remind hon. members that the hon. gentleman who has the floor may not be interrupted without his consent, and may I also remind the hon. member who has the floor that we are

discussing resolution 498, Department of Veterans Affairs.

Mr. Dufresne: That is exactly what I was doing when I was interrupted by some silly arguments brought up by my hon. friend from Nicolet-Yamaska. I think I should just answer a certain invitation that was sent to me by the hon. member. I invite him to come to Quebec West, and I hope he will be polite enough to invite me to his own riding.

Mr. Boisvert: You can come at any time; tomorrow, if you like.

Mr. Dufresne: Not tomorrow, because I have a duty to perform tomorrow, and that duty is in the House of Commons. When the time comes, it might come too soon for the hon. member but I shall be delighted to accept his invitation.

(Translation):

Mr. Chairman, I was just saying that from 60 to 70 is the most difficult age to get employment, perhaps more particularly so for those who served in the armed forces—not, as I said, because of a lack of sympathy on the part of the employers, but because the insurance companies refuse to take risks for persons of 60 and over.

Therefore, I repeat the request I made earlier this afternoon to the hon. minister to the effect that allowances be provided for all those who fought valiantly and courageously during world war I.

When one of those veterans passes away, I would suggest that the wife should receive the same pension as was paid to the husband even if the widow is old enough to qualify for old age pension. I feel that this would be a sign of gratitude on the part of the government.

I suggest also that the government should take care without delay of all those who, after serving their country loyally, either here in Canada or overseas, for several years, choose to return to civilian life. They did their bit, and they deserve a suitable and steady job.

Again I would like to draw the attention of the minister to a distressing situation that is taking place in the riding which I have the honour of representing. As a matter of fact, a number of young men who served in the armed forces, not particularly during the last war, for either three or five years, or since the end of the last war, sometimes find themselves in very difficult situations after they have left the services because they are often unemployed for rather long periods of time, during which their families suffer, and are often faced with great poverty.

So I insist that the government should look after those people even before their discharge. When a man's request for discharge has been granted, and it is definite that he will return to civilian life, the department should take the necessary steps in order to give him a chance to earn a decent living.

Now, Mr. Chairman, may I submit another suggestion? I highly appreciate the fact that the Minister of Veterans Affairs can grant, and at a very reasonable price, to war veterans who apply for it, a lot where they can build a home.

As I say, those lots are sold at a very reasonable price and are reserved for war veterans.

I wonder however if it would not be possible to extend that privilege to the widows of the veterans who gave their lives on the battlefield or who died on active service.

I would like to bring to the attention of the minister a special case which has been referred to me. This man served in both world wars, that of 1914-18 and that of 1939-45. He enlisted as a private but his gallantry, his ability and his loyalty soon gained him promotions up to the rank of colonel, which he still had when he came back from Europe in 1945, I believe. Unfortunately he died leaving a wife and children who would have liked to enjoy that same privilege of which the wife would have benefited had Providence spared him for them.

I wonder whether the department could seriously examine requests by widows of veterans in order to enable them to obtain a piece of land at a lower price and build themselves a house. Supposing a lot had been purchased last week, and that the veteran died this week, I do not believe that the department would deprive the widow of the land purchased previously.

I therefore respectfully request that this suggestion be taken into serious consideration.

I would like for a few moments to speak of a matter raised by the Leader of the Opposition (Mr. Drew) and the hon. member for Middlesex East (Mr. White) and

about which I said a few words myself. I mean the five-day 40 hour week for the employees of hospitals coming under the jurisdiction of the Minister of Veterans Affairs.

Yesterday, as shown on page 5815 of *Hansard*, I put the following question to the minister:

I should like to direct a supplementary question to the Minister of Veterans Affairs following the questions asked by the hon. member for Winnipeg North Centre. The minister said consideration was given to the 40 hour week in some localities other than where it exists now. Does he mean to suggest that consideration was given by the cabinet or by the officials of his department?

Here is the minister's answer:

I explain, Mr. Speaker, that the process which is followed is that a survey is made by the civil service commission. They in turn report to treasury board on the result of their survey, and treasury board informs the cabinet of the situation. That is what is being done at the present time.

I must say though, Mr. Chairman, that a request was sent last October by the Department of Veterans Affairs hospital employees association. Judging by the protests we have been receiving, it would seem that these people have had no answer to their request. The minister says they have. I will accept that statement. I will say, however, that they did not receive the answer they were expecting.

Mr. Lapointe: Mr. Chairman, the hon. member will no doubt allow me to interrupt since I am sure that he would like the facts he is stating to be true facts. Yesterday, or the day before, when I referred to the representations made last October, I noted that following these representations the forty hour week was extended to two hospitals, one at Calgary and the other at Halifax.

That means that we have studied their representations, since we have adopted that course in the case of two hospitals. In fact, on rereading *Hansard* for July 9, I noted that I had in effect stated that the government had not yet considered the representations made by that association. I should have explained that I was referring to the last representations received a few days ago by some hon. members. Those representations had not yet been taken under consideration.

Mr. Dufresne: Mr. Chairman, I accept the minister's explanation and I take note of it. I was indeed referring to the telegram that most members in this house received from that association representing the employees of the hospitals under the Department of Veterans Affairs. I myself received one which reads as follows:

(Text):

Strongly protest the statement that appears to have been made by the Minister of Veterans Affairs to the effect that cabinet has not considered our representation for a five-day 40 hours a week for hospital employees made last October.

(Translation):

Having received that telegram today, I wanted to bring this matter to the attention of the minister and of the house.

(Text):

The Chairman: Order. I am sorry to interrupt the hon. member but I am obliged to advise him that his time has expired. Shall the resolution carry?

Mr. Dufresne: If you will allow me, I think we have forgotten to take note of the time that was taken by the hon. member for Nicolet-Yamaska. I think I still have at least six minutes left.

Mr. Harris: Mr. Chairman, may I say at this point that, while I am not too sure of my ground, I believe the hon. member for Middlesex East is probably the only other member at the moment who is expecting to take part in this debate.

An hon. Member: No.

Mr. Harris: Very good. I was going to suggest in that event that we continue after six o'clock, but if that is not the case I will not do so.

Progress reported.

THE ROYAL ASSENT

A message was delivered by Major C. R. Lamoureux, Gentleman Usher of the Black Rod, as follows:

Mr. Speaker, the Honourable the Deputy Governor General desires the immediate attendance of this honourable house in the chamber of the honourable the Senate.

Accordingly, Mr. Speaker with the house went up to the Senate chamber.

And being returned:

Mr. Speaker informed the house that the Deputy Governor General had been pleased to give, in Her Majesty's name, the royal assent to the following bills:

An act to amend the Industrial Development Bank Act.

An act to amend the Canada Lands Surveys Act.

An act to amend the Farm Improvement Loans Act.

An act to authorize the provision of moneys to meet certain capital expenditures of the Canadian National Railways system during the calendar year 1956, and to authorize the guarantee by Her Majesty of certain securities to be issued by the Canadian National Railway Company.

An act respecting Niagara Lower Arch Bridge Company Limited.

An act to authorize contributions by Canada in respect of unemployment assistance costs in the provinces.

BUSINESS OF THE HOUSE

Mr. Dufresne: Mr. Speaker, with the kind permission of the leader of the house and the Minister of Veterans Affairs, I call it six o'clock.

Mr. Harris: Mr. Speaker, I am not sure whether I understand the humour of the hon. member for Quebec West. It was not I who called it six o'clock; it was members of his own party who, in reply to my request, felt that they could not go on later this evening to complete both his remarks and other remarks on this particular item. Tomorrow we shall continue with veterans affairs and then take northern affairs.

It being eight minutes after six o'clock the house adjourned, without question put, pursuant to standing order.

Questions

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

GRAIN—PRAIRIE PROVINCE BOX CAR DELIVERIES

Question No. 538—**Mr. Castleden:**

1. What is the total number of box car deliveries of grain from each of the three prairie provinces from delivery points on: (a) the Canadian National Railways; (b) the Canadian Pacific Railway, for the five-month period January 1, 1955 to June 1, 1955?

2. What were the total box car deliveries for each province on each of the railways for the same period from January 1, 1956 to June 1, 1956?

Answer by: **Mr. Langlois, Parliamentary Assistant, for the Minister of Transport:**

1 and 2.

Between January 4 and May 30, 1956, C.P.R. loaded 60,561 cars.

Between January 4 and May 30, 1955, C.P.R. loaded 49,592 cars.

Between January 4 and May 30, 1956, C.N.R. loaded 54,488 cars.

Between January 4 and May 30, 1955, C.N.R. loaded 32,812 cars.

The figures are not compiled by provinces as railway subdivisions overlap provincial boundaries.

TRANSPORT—SESSIONAL PAPER NO. 242

Question No. 541—**Mr. Hamilton (Notre Dame de Grace):**

What was the date of each trip as reported by the Department of Transport on sessional paper No. 242 of Tuesday, June 26, 1956?

Answer by: **Mr. Langlois, Parliamentary Assistant, for the Minister of Transport:**

(a)
i May 23, 1956
ii May 17, 1956
iii April 24, 1956
iv May 16, 1956
v April 28, 1956
vi April 30, 1956
vii April 28, 1956
viii April 30, 1956
ix May 9, 1956
x May 14, 1956

(b)
i May 26, 1956
ii May 20, 1956
iii April 24, 1956
iv May 16, 1956
v April 29, 1956
vi May 1, 1956
vii April 28, 1956
viii April 30, 1956
ix May 9, 1956
x May 14, 1956.

HOUSE OF COMMONS

Thursday, July 12, 1956

The house met at 2.30 p.m.

FINANCE

INQUIRY AS TO POLICY RESPECTING TAX ON CERTAIN ADVERTISING REVENUES

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, may I ask the Minister of Finance if he is now prepared to tell the house definitely whether it is his intention to proceed with or to abandon the proposed 20 per cent tax on advertising matter of certain magazines?

Hon. W. E. Harris (Minister of Finance): Mr. Speaker, I think I said the last time I mentioned this I would make any announcement that should be made when the resolution was called.

Mr. Fleming: May I ask the minister if the resolution will be called this session?

Mr. Harris: Certainly.

BANK OF CANADA—REQUEST REVIEW OF CREDIT RESTRICTIONS ON BANKS

On the orders of the day:

Hon. W. Earl Rowe (Dufferin-Simcoe): Mr. Speaker, I should like to ask the Minister of Finance if, in view of the depressing effect on Canadian business of the present credit restrictions placed by the Bank of Canada on Canadian commercial banks, he will review the serious situation with the governor of the Bank of Canada in an effort to restore more normal credit conditions in this country.

Hon. W. E. Harris (Minister of Finance): Mr. Speaker, this is one of several questions of this kind that have been addressed to me lately, and I think I have always answered that I expect to make a statement on them when my estimates are reached.

PIPE LINES

TRANS-CANADA PIPE LINES—INQUIRY AS TO ONTARIO PARTICIPATION IN FINANCING

On the orders of the day:

Mr. H. O. White (Middlesex East): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce. My question arises out of a letter from Hon. Dana Porter to the minister dated May 14 and tabled. Will the province of Ontario continue to participate in the financing of the northern Ontario section of the pipe line?

My second question is this. Did not the Hon. Mr. Porter in that same letter stipulate that construction of the western section must commence not later than July 1 this year?

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, the letter from Hon. Dana Porter stated that if the construction of the western side was started on or before July 1 the province would participate in the northern Ontario section. Construction was started well before July 1 and I have every reason to believe it is the intention of the government of Ontario to participate in financing the northern Ontario section.

TRANS-CANADA PIPE LINES—INQUIRY AS TO TABLING OF AGREEMENTS

On the orders of the day:

Mr. Roland Michener (St. Paul's): May I ask the Minister of Trade and Commerce whether the proposed agreements which were submitted to the house at the time of the northern Ontario pipe-line bill were completed in fact and if they were not or if other agreements have been completed since will the minister make copies available to the house?

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, all agreements with Trans-Canada Pipe Lines were completed prior to the 7th of June and all were tabled in the house. There have been no new agreements or anything purporting to be new agreements.

INDUSTRY

MOTOR VEHICLES AND PARTS—INQUIRY AS TO EFFECT OF UNITED STATES IMPORTS

On the orders of the day:

Mr. Michael Starr (Ontario): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce. Has the minister received communications from the united automobile workers' union contending that the increasing number of United States-made motor vehicles and parts being imported into Canada is becoming a threat to the livelihood of workers in Canada's automotive and parts

industries? If so, what action does the government intend to take to meet the situation?

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, I thank the hon. gentleman for giving me notice of his question. I have received a number of postcards from individual members of the united automobile workers' union in connection with the importation into Canada of motor vehicles and parts from the United States. The matter is being looked into.

LABOUR CONDITIONS

WESTMINSTER HOSPITAL, LONDON—REQUEST FOR FIVE-DAY 40 HOUR WEEK

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): I should like to address a question to the Minister of Veterans Affairs. While I realize, Mr. Speaker, that the minister's estimates are before the house at the present time, nevertheless this question refers to a question asked and answer made on last Monday, July 9, 1956. This is my question. Does the minister recall receiving any representations from the employees of Westminster veterans hospital, London, last October?

Hon. Hugues Lapointe (Minister of Veterans Affairs): Mr. Speaker, I do not specifically recall receiving representations from the Westminster hospital employees. I did receive representations from the employees of all D.V.A. hospitals at that time.

EXTERNAL AFFAIRS

REPORTED STATEMENT BY RUSSIA ON STRENGTHS OF ARMED FORCES

On the orders of the day:

Mr. Solon E. Low (Peace River): Mr. Speaker, I have a question for the Prime Minister. A United Press release today from the United Nations states that "Andrei A. Gromyko told the 12-nation commission that the Kremlin was ready to accept the western proposed manpower levels of 2½ million men for the United States, Russia and China, 750,000 for Britain and France and not more than 200,000 for other countries." Will the Prime Minister inform the house whether Canada was a party to this proposal to Russia or if there is any ground for such a statement on Mr. Gromyko's part?

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, there was a general statement made which was published and which I think was tabled in the house. It was transmitted to us with a letter from Mr. Bulganin. The matter is being considered and is being dealt with, but I do not remember that there was any specific number of men with respect to the armed forces for Canada referred to in that communication.

ISRAEL—REASON FOR WITHHOLDING EXPORT PERMIT FOR SABRE AIRCRAFT

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): I should like to direct a question to the Secretary of State for External Affairs in connection with the matter of an export permit for aircraft to Israel. Has the minister or the government received any communications from the governments of the United Kingdom, the United States and France since he gave evidence before the external affairs committee on April 17, as recorded at page 40, repudiating or in any way altering the statements they had made or indicating that there would be no opposition on their part to the shipment by Canada of such aircraft? Has there been any change since, or have there been any further communications since the minister gave evidence as I stated a moment ago?

Hon. L. B. Pearson (Secretary of State for External Affairs): I do not recall any communications from the countries in question on this subject since the date mentioned by my hon. friend, but I shall be glad to look into it.

Mr. Diefenbaker: Since April 17?

Mr. Pearson: I do not recall any such communications.

ATOMIC ENERGY

COMPARATIVE COSTS OF PRODUCTION OF ELECTRIC POWER

On the orders of the day:

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, I wish to direct a question to the Minister of Trade and Commerce. Has the minister had an opportunity to consider the statement made by the British delegation to the fifth world power conference at Vienna to the effect that developments which have now taken place assure the cost of production of atomic-generated electricity being below the cost of that produced by other fuels?

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, I am aware that it is the consensus of opinion, including the opinion of our own scientists, that for large-scale power plants electricity can be produced from atomic energy at a lower price than power produced by coal, but I think no one claims atomic power can be produced at a cost lower than an economic hydro development.

SUPPLY

The house in committee of supply, Mr. Robinson (Simcoe East) in the chair.

DEPARTMENT OF VETERANS AFFAIRS

498. Departmental administration, $2,215,472.

Mr. White (Middlesex East): Mr. Chairman, I listened with a great deal of interest yesterday to the many members who took part in the discussion of the estimates of this department. There is no doubt that all members are interested in the problems of the veterans. It is not my intention to review all that was said yesterday, but there are a few comments that I wish to bring to the minister's attention, and I hope that they will be useful and that good will come out of them.

There is in my constituency one of the finest, if not the finest, veterans' hospitals in Canada. I have watched its growth from the very day when the property was acquired and the original buildings were built at the close of the first world war up until this day. I am acquainted with many of the doctors and members of the staff of the hospital, and I want to pay a word of tribute and praise to the work of the doctors, the nurses and the staff at the hospital. It is understandable that, where there are such a large number of patients in a hospital covering such a wide area, there naturally will be some complaints and perhaps some injustices, but in most cases these complaints are taken care of in a very efficient way, and I think most of the people are well satisfied with the services they are given.

While I am mentioning Westminster hospital I might say that in 1953 I also referred to the old buildings that were erected there at the close of the first world war, and the minister at that time indicated that some new buildings were proposed. Some additions have been made, and I hope the minister will indicate to the house that the rest of the old buildings will very shortly be removed and new buildings erected in their place. I should be glad if he would later indicate such to the house. I should just say, too, that I am glad that the minister and his department have taken into consideration those pensions between 40 per cent and 45 per cent. I think that action will meet with general approval. I think it is advisable to establish a plan or system of periodic reviews of all pensions and pension cases because the conditions of health change from time to time, as we all know. But there are many pensioners who hesitate to ask for a review of their particular case and there are others who do not hesitate. Sometimes there are many worthy cases that do not get the attention to which they are probably entitled.

I speak for those pensioners who sometimes are denied a pension because their particular illness or complaint is alleged to have been attributable to causes arising before they enlisted or to post-discharge causes. I have in mind one or two of those particular cases in which it is alleged that the disability is so attributable. Yet these men served in the armed forces for several years. They were passed as being A-1, were accepted and were able to discharge their duties overseas. Yet, when they come back it is said that their disability arises because there was some illness prior to their enlistment.

There is no doubt—and this is well known to the department and to everyone here—that the earning capacity of many veterans has been reduced because of war service in one way or another. Some of them were not able to complete their education. Through disabilities some could not carry on their intended life work. The increase in the rate of pension that was granted a short time ago is still inadequate, in my opinion, in view of the inflation and the present cost of living. Also, the ceilings of earnings are too low considering living costs and the pension level. I would just say that the grant that was given a short time ago certainly could not be considered to be extravagant. I do not think it would even be considered to be liberal.

Back in 1951 and prior to that time I mentioned in this house the suggestion that the pensions—not only those for war service but also old age pensions—should be hooked to the cost of living index. I am still of that opinion. If that were done, if you once establish what is a fair and right pension level, then as the cost of living goes up the pension would go up; and if sometime in the future the cost of living goes down, the pension could also go down. In that way the income from the pension would bear some relation to its purchasing power and there would not always be these questions arising: it being said that the pension is not high enough and that the cost of living has gone up, and then, after two or three years have elapsed, an amendment being introduced with a view to increasing the pension. This suggestion would eliminate all this problem. Also I had in my constituency four V.L.A. small holding areas, one in London township and two or three in Westminster. I am very well acquainted with the officials there, and at this point I should say that I believe they are doing a very fine job. There are very few complaints. While I am doing that, I should also pay tribute to the young veterans who have taken up these holdings. They

have taken great pride in their homes, improved their properties and they are not only taking an interest but taking part in the community in which they live, in the public life of the community through municipal affairs and church affairs. I might say that it was my privilege to have as a guest in Middlesex East the hon. member for Shelburne-Yarmouth-Clare, who addressed the veterans there some time ago. I believe that he also was greatly impressed with the community spirit and the work that they are doing.

Now, I come to the question I asked on Monday regarding the five-day 40-hour week for Westminster hospital employees and the employees of veterans hospitals in other parts of the country, who are asking that they be given the same hours of work as the employees of other departmental hospitals. I listened to the minister's explanation, and then I read the translation of his answer to the hon. member for Quebec West. While the minister has not denied to these employees the five-day 40-hour week, I think that regardless of what employment conditions may be in other industries or in other hospitals in any particular city, all the employees of the Department of Veterans Affairs should be treated similarly, whether they be in London, Halifax, Calgary or any other place. I believe it has been amply demonstrated that the employees of these hospitals can give efficient and continuous service, day and night, on the five-day 40-hour week. Consequently I am asking the minister to seriously consider the representations that have been made to him here and by the employees association last October. I ask him not to let this session go by without granting equality to all employees of the veterans hospitals across Canada.

Mr. Harkness: I regret, Mr. Chairman, that the government has not seen fit at this session to introduce any legislation to improve the position of the recipients of war veterans allowance. The hon. member for Royal and the hon. member for Vancouver-Quadra went into this matter in considerable detail, so I am not going to take the time of the house to give reasons why action along that line should be taken. However, I would say I have never been able to understand why the government was not willing at least to raise the amount of the permissive income. For many years past I have urged, as have others, that the limit on the permissive income should be increased to at least the amount of the income tax exemptions. I would urge the government to bring in legislation at the next session to put that into effect, as well as to increase the actual amounts paid to recipients of war veterans allowances.

There is another matter on which perhaps I can get some information from the minister when we come to the details, but I should like to mention it at this time. I refer to the amounts paid by veterans who are not receiving disability pensions for medical attention and hospitalization. A resolution was passed by Calgary branch No. 1, my own branch of the Canadian Legion, in regard to this matter which reads as follows:

> Free medical treatment for all veterans over 55 years of age with meritorious service with annual incomes in the case of single men of less than $1,800 and in the case of married men of less than $3,500.

The amount charged veterans who are not entitled to hospitalization has been increased I believe twice in the last few years, and is now in the neighbourhood of $14 per day. A married man with an income of less than $3,500 or a single man with an income of less than $1,800 finds it most difficult to pay that amount, especially when they are over 55 years of age. I should mention that they would not have to pay the full $14 per day as the amount is reduced according to income received. I submit that veterans in those income tax brackets should be given the benefits of hospitalization without payment. I should like the minister to say something about this matter of hospitalization and take under advisement the question of liberalizing the hospitalization policy in order to protect older veterans on comparatively small incomes.

I should like next to say something about the work of the imperial war graves commission. I had the opportunity last summer of seeing Canadian war cemeteries in northwestern Europe and Italy where Canadians who fought in both world wars are buried. I think I can say that without doubt they constitute the finest group of cemeteries to be found anywhere in the world. The care which they are given and the architecture which has been used to fit them into their backgrounds are of an extremely high order. I wish that every person who has a relative buried in one of those cemeteries had the opportunity to go to see it. I am glad that a grant is given to the imperial war graves commission under this department and I should like to take advantage of this opportunity to commend them upon the work they have done in maintaining the graves of our men who are buried overseas.

There is one other matter I should like to take up at this time, the question of compensation to members of the non-permanent militia, and to some extent the members of the permanent forces, when accidents occur which disable them or which result in death.

I bring this up particularly because of a case which occurred in Calgary last year. In outlining this case and referring to some of the difficulties that exist with regard to the legislation I want to make it quite clear that I am in no way reflecting upon the members of the pension commission. The chairman of the pension commission has done an outstanding job and I think he and the other members have carried on their activities with a very high sense of duty. The difficulty concerning cases of this sort, I think, primarily lies in the way the legislation reads and I think an amendment to the legislation in this regard is long overdue. The hon. member for Winnipeg South Centre mentioned the matter briefly yesterday and referred to the section of the act which deals with pensions to people who come under this classification. He indicated there had been considerable discussion of the matter when the estimates of this department were before the estimates committee last year but that no action had been taken concerning it. I would hope that some definite action would be taken in the near future.

The particular case I wish to give as an illustration of what happens concerns a squadron sergeant major in the South Alberta Light Horse. This man had a good record; he served overseas for five years and was awarded the military medal and he served six years in the militia. The unit is quite widely spread with one detachment at Strathmore some 40 miles from Calgary. They were in Calgary having an Armistice day celebration parade and so forth. The commanding officer of the unit got permission from western command headquarters in Edmonton to send a detachment down to take part in this anniversary day service and parade. Apparently the military transport in the form of a bus or busses had not arrived when the men gathered at the armoury in Calgary. They received a message to the effect that the bus had broken down or had been delayed in some way. The 2/IC of the regiment who was present told the men to take their own private cars. There happened to be a sufficient number of the men who had private cars to provide transportation for all of them, the presumption being that these men would eventually be reimbursed for their gasoline and expenses. In any event they proceeded to Strathmore and on the way back this particular sergeant major and another man were killed in the automobile which was driven by the other man. There was apparently no question of guilt or negligence so far as the driver was concerned and the widow of the sergeant major was not able to take action against the driver or his estate as the result of the death of her husband.

She applied for the pension and her application was turned down at the first hearing. The decision of the commission was as follows:

> Death incurred during military service in peacetime, but not pensionable under section 13 (2) as on the evidence presently available there is nothing to indicate death arose out of or was directly connected with such service.

A second hearing was held in this case and again her application was denied. I do not know whether it will be appealed but I presume it will be. The decision arises because section 13 (2) as it reads and has been interpreted makes it obligatory on the part of the person requesting the pension to prove in a case of this sort that the man was riding in a military vehicle, as I understand it, or a vehicle which had definitely been taken on strength for the time being and for which the man was being paid a mileage allowance.

In this particular case the man was on military duty and it happened through circumstances beyond his control that the military transportation did not turn up. The men were authorized by the senior officer there to use their private cars and it was in those circumstances that this man was killed. His widow's pension was denied but she would have received it if he had been killed in the military bus. It seems to me the interpretation of the act is much too narrow. The act is drawn in such a way as to cause an injustice of this sort.

I would ask the minister and the pensions commission to take this particular case under consideration again. It seems to me it might be possible by ministerial direction or by order in council that something could be done without its being necessary to change the act. I realize there probably is not time during this session to change the act but I think it would be possible by the means I have indicated to give direction to the commission to interpret this particular clause more liberally than is the case now; in other words, to interpret it in the spirit it was conceived to have when it was passed by this House of Commons. I am certain there was never any intention on the part of parliament that the widow of a man who was killed on military duty should be denied a pension because of an accident of the type I have mentioned where a military vehicle was not supplied although it was supposed to have been supplied and a private vehicle was authorized instead.

The same sort of thing applies to some extent to permanent force personnel. I was

interested in a case which had an unfavourable first and second hearing and I believe was eventually settled satisfactorily on appeal. This case involved a man who was killed overseas. Only with great difficulty was it established that he was on military duty and his widow was able to get a pension. This occurred some two or three years ago. Eventually she was able to establish the fact and was granted a pension. The circumstances were much the same as in the previous case I mentioned except that in this instance a military jeep was used. There was some difficulty in establishing that the trip it was on had been properly authorized and that the man was properly on duty, as I recall the circumstances. In any event, however, it was finally settled satisfactorily.

It seems to me that in the cases I have mentioned a little more attention should be paid to the spirit of the legislation. If this were done I believe the first case could be settled in a way that would be satisfactory to the widow and other dependents of this soldier. I certainly hope the minister will give some personal attention to this matter and will see what can be done without its being necessary to change the legislation; as I indicated before, it is perhaps too late in the session for that to be done.

Mr. Jones: First of all, Mr. Chairman, I would like to compliment the minister on the keen interest he has shown in the affairs of veterans especially during the last two or three years. I wish to thank him personally for the courtesy he has always shown me when I have brought personal cases to his attention—and this applies also to his staff in general.

I suppose I should compliment the staff because they carry out the letter of the law, but at the same time I also complain that the letter of the law is predominant in the administration of the veterans legislation and I think the spirit of the law and not the legal interpretation should prevail. It is on that subject that I wish to say a few words at this time.

In order to overcome the difficulty I have mentioned it seems to me a little more leeway should be given to the local administrators, those people who know the local problems and the persons involved. They are far more conversant with the individual cases and are better equipped to find solutions to the various problems than is someone in Ottawa or possibly in Vancouver or Calgary. I think that if a little more power were given to them to interpret the law according to the spirit of the act, many of the problems about which we are now worrying would be solved.

In many instances cases which are recommended to be dealt with in a certain way by local officials who know the circumstances have been turned down by senior administrators who have given a narrow interpretation to the wording of the act. The justice of the case did not enter into it, the morality of the case did not enter into it, the spirit of the case did not enter into it; there was simply a pure, logical reasoning as to the legality of the act.

I was a member of the veterans committee when it sat and I know the attention that was given to any question that came up. I know the feeling of all hon. members that the veteran should be given the benefit of any doubt, yet in practice this is not always done. I could outline the details quite quickly, but I shall not do so at this time. This is my main reason for advocating the setting up of a permanent veterans committee. I think it would be a far more important committee than many of those that now go on year after year, sometimes going through a session without meeting. Such a committee would carry out most important functions of great value to the minister and to the veterans.

Without such a committee we are in danger of gradually building up a legal bureaucracy, a group without a heart, a legal entity ready to carry out only, the letter of the law. If we had a veterans committee dealing with cases, that atmosphere would be changed when a veteran had to appear before a board or other group. I am sure that neither parliament nor the people of Canada wish this condition to continue.

It is true that we have made progress equal to that made in any other country, but there are many problems still unsolved affecting the veteran. I would mention those veterans who served in England during the first world war. Their number is getting smaller each year but they are still denied the right of pension. The hon. member for Kootenay West referred yesterday to two men who had joined up and who served as clerks, one in England and one in France. The one man is receiving a pension while the other is denied a pension. Such discrepancies should be removed and all veterans treated on a fair basis.

I still think that we should make the permissive income under the War Veterans Allowance Act more in keeping with the cost of living today, and the widows of veterans who have resided in Canada for some years should be recognized as being pensionable. I shall not go into the details of these cases, as the minister knows them better than I do.

Another problem which could be dealt with by a committee sitting year after year is one such as has cropped up recently in British Columbia, and this may be true also of other parts of Canada. British Columbia has recently made a reassessment of properties for school tax purposes. I have here a resolution which I should like to place on the record so the minister may know what I am talking about. It reads:

Whereas the reassessment of property in British Columbia which has recently taken place, grave concern is felt for veterans occupying small holdings under the Veterans Land Act, having their holdings of one acre, reclassified from agricultural into residential districts resulting in an increased assessment of at least double the original amount and a good chance of increased taxes due to present tendency of real estate speculation, which surround the V.L.A. project. This particularly applies to about 60 veterans located in the Bank-Head district near Kelowna, B.C. These veterans were rehabilitated on these acre lots with a view of their being able to supplement their earnings, now the reassessment will defeat the government's original intention and following the pattern of the first world war veteran, will force the veteran to vacate his holding as was the case of very many of our older veterans, who had taken up land under the Soldier Settlement Land Act and who were forced to quit, because of economic conditions.

Therefore, be it resolved that this north Okanagan zone request the provincial command to make strong representations to the provincial government protesting the reassessment of V.L.A. small holdings into residential areas and thus enable them to derive the benefit which has been granted to them under the veterans charter.

I appreciate that this is probably a provincial problem, but nevertheless the Department of Veterans Affairs has a responsibility to look after the interests of these veterans. In my opinion the least they can do is to protest to the provincial or municipal authorities this reassessment—in this case it is the province—on the ground that the veteran is entitled to special benefits. These men went on these small holdings with the understanding that benefits would accrue to them as long as they occupied the land.

The hon. member for Calgary North referred to the problem of the man who is killed while technically not on duty. Whether or not a man is on duty, I submit he is still a soldier. One or two cases have occurred recently in my riding. A young fellow who had served three years in Germany took a ride in a civilian car and was killed. This case is similar to the one mentioned by the hon. member for Calgary North. This man leaves a widow and two children and so far they have not received a cent from any department of government. They cannot qualify under this act; they cannot qualify under the army or in any other way that I can find out.

It seems to me that any man who joins the forces should be granted protection at all times for accident and death in order that the widow and orphans he may leave behind shall be protected. In this case the widow and the two orphans are living on charity. It seems to me that every soldier on joining the forces should be given the protection of an insurance policy to cover everything that may happen, with provision for the payment of at least $20,000 to his widow and family in the event of his death. There is a moral obligation to protect these young men in every way. They are depending entirely upon the army for their income and the welfare of their families should be protected.

We have not met this particular problem. I do not blame the department for this, but I hope the department will co-operate with the Department of National Defence in an effort to find a solution something like that mentioned by the hon. member for Calgary North so that in future we will not be faced with cases of this kind.

Another problem concerns the farmer settler. I am not going to go into detail about this matter because I have already written to the minister and he has kindly promised to look into it. Last year several farmers in the Cawston area of British Columbia suffered severe frost damage to their young orchards. They lost most of their trees which had to be replaced or replanted and they will have to wait for five or six years before they get a crop. It seems to me that the local V. L. A. authorities should be given full power to go into that area to assess the damage and what it would cost the Department of Veterans Affairs to replace these trees in order that these young farmers may be rehabilitated. If that is not done, I am afraid many of them will abandon their farms. They have been there two or three years struggling along and waiting for the time when they would have a crop. That time has now been deferred for another four, five or six years. I hope the minister will pay special attention to this group.

Another problem arises from legal interpretation. This concerns a case of young men who have gone out to work while their farms were coming into production. The case I have in mind is typical of two or three other cases that I know of. This young man was told on his return from service that he had to go on a farm for at least two years to qualify as a full-time farmer. He did so and qualified. He returned to the board, and they accepted his qualifications. On the strength of that, he went and purchased 35 acres of land; I presume it was part fruit and part stock, but whether it is fruit or stock the

same applies: he would have no income for at least three years. With that in mind he thought he would get help and that he would work in his spare time, taking a job outside. As soon as he said he was going to work outside for three years until the farm would support him, he was refused the ordinary assistance under the act. The interpretation in this case, I claim, again was too narrow. True, the board in Vancouver is going to re-hear the case. In this case the local office, who know the man, who know the land and who know the conditions fully approved but somewhere—I call them "armchair farmers" —some administrators decided on the case. No armchair farmer can tell as much as local people what a young man is capable of doing or what the land is capable of producing.

Finally, I would suggest to the minister that the time has now arrived when those veterans of the first world war who are still struggling with the remains of a mortgage should have that mortgage cleared and a clear title given to them. It would not cost too much. I know the policy of taking care of them year after year has been carried out, but many of these people are now getting to an age where it is worrying them. They are too old to stand the strain, and that strain should be removed by giving a clear title to a veteran who has been on his land for 20, 30 or as in some cases, 40 years.

Mr. Hansell: I should just like to say a word or two on this item and in doing so I think I shall have to follow what others have said in respect to my belief that the veterans' legislation that we have on the statute books of Canada ranks perhaps with some of the best veterans legislation of any country in the world. That has been said before, and I think it will stand repeating. I think we have all had a part in bringing about that legislation. Suggestions have been made in previous veterans affairs committees, and with an efficient staff and an interest in the returned man I think we have accomplished something along that line.

I wish also now to pay my respects to the minister and thank him for very courteously taking up any cases I have presented to him. I recognize that he is confined within the regulations and within the law, but I am happy with the attitude he takes when I present cases to him, passing them on to his officials, doing some little personal investigation and trying to solve those particular cases, if possible.

I have handled a good many veterans' cases over the years, and on the whole there seems to be one general type of case which I do not think is quite fairly treated. This matter has been mentioned before over and over again, I fancy, and perhaps the veterans affairs committees have wrestled with this problem. That is the problem of the returned man's health at the time of enlistment, when he is given the category of an A1 condition and then, after he applies for a pension because in his mind and perhaps in the minds of many others he has a good case for a pension, somehow or other in the investigation by doctors and other interested officials they go back to a predetermined period and say, "This originates by reason of something that happened before you enlisted."

I think I can say that in most of the cases I have had to take up with the minister in respect to war veterans' pensions that seems to have been the main problem. I cannot let the estimates go by without adding my voice to the voices of others in making this strong plea that, if a veteran is taken into the defence forces and given an A1 category as his condition at the time, then that should remain the category of the veteran, unless of course the veteran at the time of recruitment purposely falsified the record or perhaps evaded certain questions or refused to give the full information. Unless this can be proved, then I think that the condition at enlistment should be regarded as his actual physical condition. If through his war services something happens to him, then I think he is reasonable enough in asking for a pension and should be given it regardless of pre-enlistment condition.

This is not a new thing. The minister knows all about it, and I wish he would make some pronouncement as to why this is so. I have never been able to satisfy myself that a reasonable explanation has ever been given as to why they should search into pre-enlistment causes when at the time of enlistment the man was given a clean bill of health. The recruiting officials seem to take the attitude, "We will try to put the man in the army if we can possibly get him through." That may not be so but that is how it seems to me. If he is thoroughly examined according to the regulations of recruitment, then I claim that that examination should be sufficient, unless it is found later, as I said before, that the recruit is purposely falsifying the record or purposely withholding some information. I wish the minister would once again give his pronouncement on that.

There is one other matter: a permanent veterans affairs committee. That has been mentioned before, and I do not wish to take up the time of the house on it now. I am sure our group would agree to having this committee made a permanent committee, and if it is not recognized as a standing committee

it should be set up every year anyway. I cannot see any reason why it should not be because it is not going to cost much money. The committee is run by the House of Commons. Those members who sit on the committee are not paid any extra stipend for that work. Of course a clerk is required and some printing is required, but apart from that it does not cost very much. The small expense is absorbed in the general appropriation that we give for the work of the House of Commons. I think the minister could also comment on that and say just why he thinks it is not reasonable to set up a veterans affairs committee every year.

Mr. Diefenbaker: Mr. Chairman, I do not wish to repeat any of the arguments that have been advanced but there are one or two matters that I think I should bring to the attention of the committee, especially as no hon. member from Saskatchewan has spoken since these estimates have been before the committee. So far as the province of Saskatchewan is concerned, the records show that 66,614 Saskatchewan residents wore a uniform in either or both wars, 16,002 in world war I, 48,263 in world war II and 2,349 in both wars. I also do so because over the years, too many years for one to be willing to admit, I have been a member of the Canadian Legion in Prince Albert and I wish to place before the minister and the committee some of the ideas and suggestions that Saskatchewan branch No. 2 and other branches have brought to my attention.

I want to say at once that so far as the pension commission is concerned my experience has been that Brigadier Melville and those associated with him have given to each individual case that has come within my knowledge and cognizance the very fullest of considerate attention. That is as it should be, for after all the commission should not permit itself to be shackled by a too close interpretation of the letter of the law and by a denial in consequence of the spirit of the law. The only criticisms that one hears from time to time arise out of individual cases. I can think of no better description of the pension commission than the words used by a cadet sergeant named Dwight Eisenhower who contributed an article in 1915 to his West Point class paper which began in this way: "True merit is like a river. The deeper it is the less noise it makes." This organization has not made any noise over the contribution that it has made, but that does not mean that individual cases have not arisen that deserve the serious reconsideration of the board of pension commissioners. Mention was made by the member for Calgary North of the Stanley Hepworth case. I am going to refer to it for a moment because in my opinion the widow is legally entitled to a pension on behalf of herself and her children. The decision of the commission, as recorded in a letter I have before me, is as follows:

> Death incurred during military service in peacetime, but not pensionable under section 13 (2) as on the evidence presently available there is nothing to indicate death arose out of or was directly connected with such service.

I find it difficult to understand the legal basis upon which that conclusion is based. According to this record Hepworth at the time of his death was returning from a parade in a car driven by Sergeant Major Rea. Army transport had been ordered for the purpose of taking personnel to and from the armistice day parade at Strathmore. Certain army transport had not turned up and the second in command of the regiment instructed the personnel to travel by their own transport. It is because of this instruction that Hepworth was riding in a civilian car at the time of his death.

I make this submission. This man had done everything that he was required to do. He had answered the directions of his superior officer and his death followed in consequence of acting on those directions. If that is not a death arising out of or directly connected with service, I do not know the meaning of those terms.

Mr. Bennett: Were the facts properly adduced?

Mr. Diefenbaker: I am taking these facts to be the facts. I am submitting them on the basis of the statement before me. If one takes the interpretation on the words of the workmen's compensation act, which the hon. member for Grey North will know so well, injuries arising out of or in the course of employment, even so restricted an interpretation as is given to those words would make it possible, as I see it, for this lady to succeed in any court. However, she has no recourse in the courts. Section 5, subsection 5 of the Pension Act reads as follows:

> The commission shall determine any question of interpretation of this act and the decision of the commission on any such question is final.

I realize that no one wants to extend the pension legislation so that it would become a scramble in the courts, but I believe that in such a case as this consideration should be given to the amendment of the Pension Act so far as interpretation of the law is concerned so that recourse to the courts will be available to any aggrieved person to ascertain in the courts whether or not that person comes within the ambit of the legal definitions provided in the Pension Act. That would not open the whole Pension Act to

the courts. It would simply make available to the courts the interpretation of legal principles, and certainly this government has not been above submitting questions—

Mr. Lapointe: It is not a question of law; it is a question of facts. In the case the hon. member has referred to it is a question of facts.

Mr. Diefenbaker: I am taking the facts on the basis of what has been presented. It is for the minister to say in what particular they are not correct, and I understand that they have not been challenged. There has been correspondence or conversations between the member for Calgary North and the department. From what he has stated as to the facts of the case, I cannot see how the department can deny the claim. When I was interrupted I was about to say that this government has not been above submitting questions of law to the Supreme Court of Canada. There is an important question, one that the Minister of Justice could submit for a general determination as to the meaning of the terms and words of section 5 (5). If that were done, I think this widow would not be denied justice but indeed would receive consideration.

Mr. Lapointe: You are completely wrong and you know it. It is a question of facts and of evidence brought before the commission, and you know it.

Mr. Diefenbaker: Oh, Mr. Chairman, the minister treats this matter so frivolously.

Mr. Lapointe: I do not treat it frivolously.

Mr. Diefenbaker: He is laughing about it. What is there to laugh about?

Mr. Lapointe: Read the wording of the decision.

Mr. Diefenbaker: I have read the wording of it.

Mr. Lapointe: It refers to evidence presented before the commission.

Mr. Diefenbaker: The minister should not become so excited over a case of injustice.

Mr. Lapointe: Who is excited?

Mr. Diefenbaker: He should not be laughing. I cannot at all understand the minister's attitude at this moment and his laughing, over a serious matter.

Mr. Lapointe: Mr. Chairman, I object.

Mr. Diefenbaker: Yes, you are laughing.

Mr. Lapointe: Mr. Chairman, I have never laughed at any case that is brought before the pension commission with regard to any veteran, I object to having the hon. member make statements as to the manner in which the Pension Act is handled by the commission when he knows that is not exactly what took place.

[Mr. Diefenbaker.]

Mr. Diefenbaker: Oh, Mr. Chairman,—

Mr. Lapointe: My hon. friend knows it. It is not a question of my getting excited. It is a question of sticking to the facts.

Mr. Diefenbaker: I do not know what my hon. friend is getting excited about. I said that the pension commission has done a good job.

Mr. Lapointe: Butter will not melt in the hon. member's mouth.

Mr. Diefenbaker: Of course, that is the kind of attitude the minister sometimes adopts. He has adopted it in his other department. Apparently the trouble is—and I had not thought of this until now—that the minister has too many departments.

Mr. Lapointe: Stick to veterans affairs.

Mr. Diefenbaker: He has just now shown that it is one department too many for him.

Mr. Lapointe: You are showing that this is one piece of legislation you know nothing about.

Mr. Diefenbaker: That is all right. With two departments, possibly it is two too many. Mr. Chairman, I was submitting a serious argument about the facts and the law.

Mr. Lapointe: Be correct about the facts.

Mr. Diefenbaker: Just because an order or direction has been given to the contrary, it demands and merits more serious consideration than the minister is apparently giving to this case. I say that on the facts of it. We, as lawyers, know that courts make mistakes and that for that reason there are appeals on questions of law. It was in the course of making that submission that possibly this is indeed the type of case in respect of which there should be a right for the termination of the courts on a question of law that I made the statement I made a moment ago. I have covered that submission in detail. I suggest that a legal interpretation of those words, if the facts as set out by the hon. member for Calgary North are correct, —and he always keeps his argument within the facts—should be obtained. On that basis I submit that serious reconsideration should and must be given to such cases, and in particular to this one.

I come now to one or two representations that have been made. One has to do with the general level of disability pensions today. The minister has been told of this before and I am not going to cover any of the ground

that was covered by the hon. member for Royal and those who followed him. What I believe is this. In view of the devaluation of the dollar or the decrease in the purchasing power of the dollar, if the standard of living of pensioners is to be properly maintained, the most serious early attention will have to be given to a general increase in the amount of the pensions. Somebody suggested that possibly some legislative enactment might be made whereby pensions would be attached to the cost of living index. I believe that objective would be rather difficult to attain. However, I believe this. In consequence of a continuing rise in the cost of living and also in the expansion of monetary instability having regard to purchasing power, I believe we can take it for granted that the present level of prices is a plateau from which we will not expect any retrogression in the days ahead. If that be so, then having regard to the purchasing power of money, I believe there will have to come at an early date a reconsideration of the Pension Act in so far as the amount of pension is concerned, to the end that the standards of living of those who served will not be reduced.

I should now like to say a word or two with reference to a matter that has been discussed on previous occasions, namely, war veterans allowances. As the situation is at the present time, the ceiling on income for single veterans is $840 and for married veterans $1,440. I find it hard to understand why the amount should not be increased to the level of that amount which, under the Income Tax Act, becomes exempt from income taxation. This question has been asked the minister before: where is the sense of fairness in this situation? Everyone is entitled to the old age pension, whether it is the Prime Minister who receives it or somebody else. Every citizen in our country is entitled to it at 70 years of age. Why should those in receipt of war veterans allowance find the amount of their old age pensions in effect reduced on the achievement of the age of 70 years? That is something that one hears universally complained about. It is something that is unjust for, by reason of the present ceilings, it places those who served and their dependents in a second-class position with respect to others who did not serve. It brings about a state of affairs that is unfair and unjust and it constitutes a discrimination that cannot be justified. I ask the minister once more—as he has been asked on previous occasions—this question: Why should such a state of affairs be permitted to continue?

I mention also another source of objection to the War Veterans Allowance Act and it is that those who served in the first war and who did not get beyond England are denied the war veterans allowance. At the present moment I know of at least three who served for a long period of time in England during the first war and who are now in hospitals, who have no source of income and who find themselves faced by a situation that is dire and dark. Why has not the War Veterans Allowance Act been amended so as to provide for payment of war veterans allowance to those who served in England during the first war? Those who served and did not leave England served as required and were in a position where they were liable to go to the front but, for reasons over which they had no control, were denied that opportunity. Over and over again one receives communications from those who served, who today are aged from 60 to 68 or thereabouts, asking why it is that some change in this connection could not be made to the end that a measure of justice that is denied to them here would be secured.

I am not going to refer to what has been said regarding dependent parents. I would point out that the case for dependent parents does demand consideration. When the Canadian pension rates were revised in 1951 the dependent parents of war veterans received very little consideration or improvement in their position. Although the widow of a war veteran was given an increase from $75 to $100 per month, so far as dependent parents were concerned the amount remained at $75. The Canadian *Legionary* had this to say about that:

> The Legion pointed this out at the time and asked that the dependent parents pensions be increased to $100 for one parent and $125 when both parents are dependent. But the government continues to discriminate against this group of pensioners and, despite continuing representations by the Canadian Legion for an increase, no change in rates has been granted so far.

I am quoting from the April issue of that magazine.

Finally, in connection with war veterans allowances, I bring to the attention of the minister and the committee the representations of one of the other soldier organizations which are as follows:

> That in view of the fact that less than 10 per cent of world war II exservice women were given the opportunity to serve in an active theatre of war, and all volunteered for such service, that the War Veterans Allowance Act be amended to read, that world war II exservice women shall be eligible who saw at least 270 days of active service upon reaching the age of 55, who are no longer employable, or below the age of 55 where, due to illness the veteran becomes unemployable—

—provided, however, that in the latter case there should be provisions that the payment

should only be made in the event of need. Those are the one or two representations—

Mr. Lapointe: May I ask from what body that resolution comes?

Mr. Diefenbaker: That was forwarded by the Canadian Corps Association. I am glad the minister asked that. It is dated November 18, 1955.

Summing up, the submissions that I make are as follows:

1. That having paid as warm a tribute as possible to the commission in their administration, on the question of interpretation of legal qualifications, there is no reason whatever why their decisions should be final. Finality could be the case in their decision on the facts, but on the question of eligibility within the law, my submission is that consideration should be given by the department to the interpretation of legal expressions and qualifications by the courts. I think that could be done simply by the Department of Justice, in a particular case, making a submission to the Supreme Court of Canada for the interpretation of any qualifications under the act which may appear ambiguous or in respect of which there may be two opinions as to the meaning thereof.

2. That the ceiling on earnings should be materially increased, and that the discrimination against those who served and their dependents, in so far as the application of the old age pension legislation is concerned, should be removed.

3. In so far as war veterans allowance is concerned, it should be made applicable to that very considerable group of men who today find themselves in a position where they are no longer able to earn their living and with the statute in its present form denying them the opportunity of receiving an allowance because they did not serve in an active theatre in world war I.

4. Finally, the whole question of the present level of pensions should be reconsidered, for in my opinion we have arrived at a point where the inflationary results on the purchasing power of the dollar will be basic; we are on plateau now and therefore, on the basis of that plateau, those who served are more and more being placed in a position where their standard of living must inevitably be reduced. This whole problem should be brought before a pensions committee of the house, and such a pensions committee, because of the vastness of the problem of veterans administration, should be a standing committee and should be set up at each session rather than a committee which sits from time to time, and only when the government feels that a committee should review the situation.

Mr. Regier: I understand, Mr. Chairman, that on item 1 of the minister's estimates we are expected more or less to discuss only the general policies of the department rather than individual items. I intend to do that, and therefore my remarks will be very brief.

I regret, as have other members before me, that the minister has to be the Minister of Veterans Affairs and at the same time the Postmaster General. At this time I should like to express my admiration for the minister's ability, as shown at the time the estimates of the Post Office Department were before the estimates committee. He demonstrated a unique ability to grasp, within a short period of time, the many details attached to the office of Postmaster General. I think it was remarkable, considering the way he had this additional burden put on him, that he was able to display such a unique ability to understand the workings of that other department of government, a major department. However, I think it is imposing an undue burden on the minister. No man, no matter how able he may be, is able to administer, in the degree that is expected of him, the department that he now holds as well as another department. I hope the day is not too far away when the Minister of Veterans Affairs will again be only the Minister of Veterans Affairs. I am sure the minister is also looking forward to the day when he can shed his additional responsibilities. However, I hope that the view expressed in this house sometime ago will not be realized. I hope the Minister of Citizenship and Immigration will not be saddled with the Post Office Department. If there is any minister who has shown his inadequacy in this house it has been the Minister of Citizenship and Immigration, and the Post Office Department is one of the last departments for which I would like to see him made responsible.

We are not supposed to mention the details of the minister's department at this time and I do not intend to do so. I intend to confine myself to the generalities of his department. When I look at the net earnings of Canadian corporations for the first three months of this year and realize they are in excess of $750 million, and when I look at the estimates of this department and see that the minister is asking for approximately $250 million, I think I can fairly say the needs of the returned men of Canada are very modest indeed. My only regret is that the government is unwilling to grant in their entirety

the requests of the Canadian Legion. After all, these men were willing to sacrifice all in defence of democracy.

The Liberal party was not willing to sacrifice all in defence of democracy. I well remember that when the last war was at its height the C.C.F. party was advocating that we risk all in defence of democracy including not only the lives of these men but also the possessions of the people of Canada. However, the Liberal party saw fit at that time to risk only the lives of Canadian citizens. The time has come for us to pay tribute to those who risked all at that time.

I see that we are prepared to spend 5 per cent of the income of this government in order to help those who were willing to risk all. We are prepared to spend 40 per cent of our income on possible future wars. The Department of National Defence is asking for 40 cents out of our dollar whereas the Department of Veterans Affairs is asking for only 5 cents out of our dollar. I feel the balance is rather out of line, Mr. Chairman. I feel that if we want the Canadian people to be sincere in their effort in any future war—and I hope it will not occur—the relationship of the 5 per cent and 40 per cent will have to be brought into line. The government of Canada and our economy generally can well afford to grant the demands of the Canadian Legion which always have been modest and reasonable.

I can understand some of the hesitancy on the part of the government to grant a larger measure of welfare to our veterans when I think of the attitude of the government to the cause of democracy. These people—most of them at least—were willing to sacrifice their lives for our way of life and for our system of government which is exemplified by the parliament of Canada, and yet the Liberal party has been able to accomplish what Kaiser Wilhelm and Adolf Hitler were unable to accomplish. The Kaiser of Germany went all out to destroy democracy and Adolf Hitler made a supreme effort to rid the world of democracy and yet the Liberal government through actions recently displayed revealed that it was able to accomplish what the Kaiser and Adolf Hitler were unable to accomplish, the destruction of parliamentary democracy in this country.

There were hundreds of thousands of Canadian citizens who were willing to lay down their lives for the sake of parliamentary democracy. May I remind the house that Hitler also had a parliament where the majority ruled, Mussolini had a parliament where the majority ruled and I understand that in Moscow there are approximately 1,600 members in their parliament where the majority also rules. We had hundreds of thousands of Canadian citizens who were willing to sacrifice their lives and say they would die if necessary for our own British system of government and yet this government utilized the lives of Canadians in a cause that I have reason to suspect was most insincere. I have reason to think the government was more concerned about the welfare of the profit-making institutions who would make money on war than the lives of Canadians who were willing to die for a cause they thought was the cause of freedom but which has now been decidedly proven to have been the interest of the Liberal party of Canada alone.

I return to the point concerning which I am supposed to speak at this time. In the over-all picture the veterans' interests are insignificant in the eyes of the Liberal party of Canada. The interests of parliament and of democracy are insignificant. The interests of the Liberal party and the so-called overwhelming majority in the House of Commons—although not in the nation as a whole—have to take second place to the Liberal party itself.

Mr. Richardson: Mr. Chairman, may I ask the hon. gentleman a question? Is the hon. member prepared to throw away the constitution of the British North America Act including section 49 or has he the courage to go and present a bill to this house amending that section?

Mr. Regier: Mr. Chairman I do not have to throw away the constitution of Canada and the traditions of parliament because the Liberal party has already done that.

Mr. MacLean: Mr. Chairman, I want to take a few minutes at this time to speak about the three benevolent funds of the services. It is true there is an item, No. 512, which grants $8,000 to the army benevolent fund, but my remarks are of a rather more general nature and I feel I am more in order in expressing them now than I would be in expressing them on that particular item.

The general public may not realize the need for these various funds and the excellent work they are doing. The general public may perhaps feel that the various pieces of veterans' legislation should cover all cases and therefore that no veteran should be in need of aid from other sources. But of course that is not the case, and in order to illustrate the point I should like to refer briefly to the annual report of the army benevolent fund for the fiscal year ending March 31, 1955, where they give illustrations of cases where benefits have been given to veterans under certain circumstances.

For example, one case was the training for employment of a widow. In this case the man was killed in a non-pensionable accident leaving a widow and three children. The widow was given a training course in dressmaking which offered possible earnings of $2,400 a year and the children were placed with the widow's sister for day-time care.

Then there was another case where a man signed up for overseas service and assigned $30 monthly to be applied against four finance company loans totalling $1,300. His assigned pay barely covered the interest and as the family had obtained the loans originally to pay medical debts the fund made a grant which together with $200 realized by the serviceman from the sale of radio equipment was sufficient to retire the outstanding loan.

There are many cases of this sort where veterans find themselves in difficulty, where they cannot obtain benefits under any veterans' legislation but where they receive worth while benefits from the benevolent fund of the service in which they serve. I have no general criticism at this time of the army benevolent fund, but I am concerned with the situation that exists with regard to the air force benevolent fund. One objection I have is that although public moneys are paid into that fund, perhaps in an indirect way, it does not seem to be answerable to parliament through any minister that I know of. I do not think that is a reasonable state of affairs. I suppose the minister is going to rise to say that I am not in order in discussing this.

Mr. Lapointe: That was not my purpose in interrupting the hon. gentleman. I simply wanted to point out that the air force benevolent fund has its own incorporation, whereas the army benevolent fund was created by a statute of parliament and by virtue of that statute, is responsible to parliament through the Minister of Veterans Affairs. The department as such has no responsibility in connection with the air force benevolent fund nor in connection with the navy benevolent fund, which was set up in a similar manner.

Mr. MacLean: I want to thank the minister for very succinctly summing up the nub of my complaint. I feel that this is an unsatisfactory state of affairs. I believe that the air force benevolent fund, and I think the same applies to the navy benevolent fund, receives certain benefits from the taxpayers, perhaps in an indirect way. I stand subject to correction, but I believe quarters are provided.

Mr. Lapointe: No, not for the air force or navy.

[Mr. MacLean.]

Mr. MacLean: I grant, not by the minister's department.

Mr. Lapointe: It may be possible, but I am not aware of it.

Mr. MacLean: I am under the impression that that is the case. I notice in the annual report of the air force benevolent fund they do not show any expense for headquarters rental, as they do in the case of the outlying areas. Then I notice also that the air force benevolent fund is audited by the Auditor General, even though it comes under the Companies Act.

I feel that there should be a more direct responsibility to the parliament on the part of this fund. I am not saying that because I feel there has been any maladministration on the part of those administering the fund, because I believe they are doing a good job by their own standards, but I do not think their objectives are absolutely correct.

As I said before, the army benevolent fund is in a different situation. As I understand it, the purpose of that fund is to give grants, loans and other benefits to veterans who served in the army during the war. The army has a separate army welfare fund to look after servicemen who are presently serving, while in the case of the air force the one fund looks after both classes of men.

We have a situation where a fund is not responsible directly to parliament, yet is receiving certain benefits from public moneys, even though indirectly. This is something which bears a close relationship to problems which arise in the Department of Veterans Affairs, and I think there should be a closer contact between these two funds. I should like to think that the minister or his parliamentary assistant, who may be more directly interested in this, would look carefully into this situation.

As the minister knows, during the war large sums of money accumulated in the non-public funds accounts in messes and canteens of the air force, and toward the end of the war these were turned over to the air force benevolent fund. Contributions continue to be made to that fund from similar sources in the air force. There is a strong feeling growing up among veterans who served in the air force that they do not have the same opportunity of benefiting from the air force benevolent fund as do the men who are presently serving. In the case of a man presently serving there are officers immediately at hand who are well acquainted with the benefits which are available and applications can be made and recommendations sent forward if the case is a good one, and a grant or loan is usually made. The air force veteran

who is now a civilian feels that he is denied the services of such qualified men, that therefore his case is not so well presented, and as a result the benefits which he receives are not in proportion to the contributions which veterans as a group made during the war.

I think the system adopted in the case of the army benevolent fund is a good one. In that case field services are provided by the Department of Veterans Affairs. I would recommend that the minister look carefully into the situation with regard to the air force benevolent fund to see if a similar arrangement could not be made. I think it is most important that it should be made in the case of the air force, because the proportion of men now serving in the air force as compared with those who served during the war is much greater than in the case of the army. Therefore it is more important, not less, that two separate funds should be set up; an air force welfare fund for serving members of that service, and an air force benevolent fund which would apply only to veterans of the air force.

After all, it was the veterans who in the first case contributed through their non-public fund accounts very large amounts of money to the benevolent fund. Toward the end of the war they lost complete control of that as individuals. The non-public funds were turned over to the air force benevolent fund, and in most cases canteens, messes and so on had no alternative but to turn over the profits that had accumulated during the war. I know from experience that in many cases messes operated at a higher profit than they would have if they had anticipated what was going to happen.

It may be said that I have just expressed an opinion or that several veterans of the air force, who tend to grouse anyway, are just complaining because they do not feel they are getting a fair break, but I see a paragraph in the eleventh annual report of the Royal Canadian Air Force benevolent fund which substantiates what I have to say. They condemn themselves with their own words, in my way of thinking, in this regard. Please do not misunderstand me. Mr. Chairman. All three benevolent funds, I feel, are serving an excellent purpose and doing a vast amount of good, but there is always room for improvement, and it is on that basis that I make my remarks. In that connection, they say on page 13 of that report:

> The majority of R.C.A.F. veterans are established in peacetime careers but a surprisingly large number who have re-enlisted in the regular air force have, on returning from civilian life, required financial assistance. In general the applications examined presented a diversity of problems, mostly the result of sickness or accident, large families, low income, injudicious use of credit and some unemployment especially in the older groups.

My contention is that if these veterans required attention from the benevolent fund on rejoining the service they required it when they were civilians, and their claims should have been made and considered on their merits. I bring that to the minister's attention because I think it is important. It is something that will probably become worse as the years go by. If justice were to be done, I feel that part of the benefit fund which was accumulated during the war should be disbursed to the benefit of men who served during the war in such a way that the fund would be expended entirely by the time the veterans of that war had disappeared. At the present time there is a strong feeling among veterans that they contributed substantial amounts to this fund which is being held as a continuing investment fund and as a continuing benefit to people who may serve in the air force in the future. To my way of thinking that is not a fair state of affairs. If the fund were divided and an air force welfare fund established, it could be self-sustaining from the profits which accrue to it from the peacetime canteens and other non-public fund profits.

I should think, too, that the annual report of the air force benevolent fund and the navy fund should be more readily available. I was amazed to find that even the library of parliament does not have copies of these reports. I know that the minister has no direct responsibility in this matter, but I think it is something that is worth the attention of the welfare officers of his department.

Mr. Harkness: Mr. Chairman, before the minister replies I should refer very briefly to the Stanley Hepworth case, which I raised this afternoon and on which the hon. member for Prince Albert also spoke subsequently. I do so because during the course of that discussion some doubt was raised as to the accuracy of the facts I presented; at least that doubt was cast by implication. I should like to assure the committee through you, Mr. Chairman, that I think there is absolutely no doubt in regard to the facts; I have never heard any expressed by anyone. I have discussed this matter with the commanding officer and with other members of the regiment; I have discussed it with a number of other people concerned in the matter, and I think there is absolutely no question in regard to the facts as I presented them.

The difficulty, as I have indicated before, I think is that there is too narrow an interpretation of section 13 (2). I think the difficulty really stems from the fact that during

the war there was undoubtedly a considerable abuse of military transport, in that it was used for personal purposes of all kinds. Those abuses inevitably continued after the war, and therefore the general position taken by the government has been that people who take military transport and use it in an unauthorized way, if they are injured or killed, are not going to be rewarded, as it were, by the grant of pensions and things of that sort. It is too literal and too strong an application of that general idea. I think it causes the difficulties in these motor accident cases.

In every one of these motor accident cases where injury or death has resulted, that I have known about, it has been extremely difficult to get a pension granted. As I say, I think it stems from that position of contempt for military transport, and of not paying pensions unless it can be proved definitely that it was military transport authorized for use, that it was being used for military duty and so on. It was a correction of what I consider this unjust application of these ideas that I was requesting the minister to look into, particularly as far as this case was concerned.

Mr. Lapointe: Mr. Chairman, I wish to assure the hon. member for Calgary North that, in my remarks addressed to the hon. member for Prince Albert, I was not questioning for one minute the accuracy of the facts which he stated to this house, but simply questioning whether those facts had been properly put before the commission.

I should like, at the beginning of my remarks, to thank all hon. members who have participated in this debate on the first item of the estimates of the Department of Veterans Affairs. As is usual and proper, there have been praises for the officials of the department and criticism of the minister and of the policy of the government, and I suppose that is as it should be. However, I might say that I readily accept on behalf of the officials of my department the praises which were expressed of them, because I feel that the veterans' charter is administered and implemented not only with efficiency but in a humanitarian and understanding way. That is done both at headquarters and in the field by officers of the department who are veterans themselves in almost all cases, and I think that might be an explanation of their attitude of mind.

I must say I was particularly glad to hear the hon. member for Cape Breton South emphasize the fact that the department does act, that it does things without any special urging or pressure, because as I said in my opening remarks and have said on other occasions, it is the aim of the government, and it is certainly the aim of the Department of Veterans Affairs, to keep the veterans' charter constantly under review to ensure that it is always up to date and that it is meeting as much as possible the changing needs of veterans and their dependents.

I do not propose to deal at this stage with all the points that have been raised. I think I can do so better on the specific votes as they are called. I think it will be agreed that most of the points raised by way of criticism are matters that have been discussed before in the house, outside the house and before the special committee on veterans affairs. I think that all hon. members will agree that in many instances it is most difficult to draw the line for qualification for benefits under legislation such as that which comprises the veterans' charter. It is difficult, whether the line be one regarding a means test, or service qualification, or one concerning a time limit. In acts such as the War Veterans Allowance Act, the Pension Act and the Veterans' Land Act, no matter where the line is drawn there will always be borderline ones which just fail to qualify and may in fact well be cases of hardship. I think that is true of all legislation of a social character, what might be termed social legislation. It is one of the difficulties that governments meet, whether at the federal, provincial or municipal level.

Most of the hon. members who have spoken up to now on this item have referred at length to the ceilings on permissible income in the War Veterans Allowance Act. I think in the debate on second reading of the bill amending the War Veterans Allowance Act last session I submitted at quite some length and to the best of my ability the reasoning of the government in fixing the ceilings at their present levels, that is $840 for a single man and $1,440 for a recipient at the married rate. I pointed out, at the time, that if the ceilings had been established at $1,200 single and $2,000 married, the War Veterans Allowance Act could and would, in a number of cases, be a supplement to normal income.

I also pointed out the necessity of keeping all benefits available to veterans in balance, and that when fixing the ceilings under the War Veterans Allowance Act cognizance must be taken of the disability pensioner under the Pension Act. I also pointed out that this had always been done throughout the history of veterans' legislation in this country. The present ceiling of $70 a month for a single recipient is equivalent to slightly more than a 55 per cent disability pension, that is, a pension paid for injury incurred in service,

while the ceiling of $120 a month for a married recipient is equivalent to approximately a 70 per cent pension under the Pension Act.

As I said at that time, if the ceiling on the single rate were raised to $1,200 that would be the equivalent of an 80 per cent disability pension. It would be in fact $25 less a month than a 100 per cent disability pension. A ceiling of $2,000 on permissible income at the married rate would be just $40 a year less than a 100 per cent disability pension at married rate. A 100 per cent disability married pensioner gets $2,040 or $170 a month.

The hon. member for Royal said that a disability pensioner with a small pension or a small superannuation allowance is prejudiced because of these permissible ceilings. I am afraid, Mr. Chairman, that, regardless of where you set the ceiling, a case could be made showing that the ceiling was not fair to certain people. That is what I was pointing out in the earlier part of my remarks when I referred to the difficulties that exist in dealing with such legislation.

For instance, let us say that the ceiling was raised to $1,200 a year for a single man. A war veterans allowance recipient at age 70 would receive $40 by way of old age security payment and $60 war veterans allowance, or the maximum permitted under this $1,200 ceiling. But let us consider the case of a 45 per cent disability pensioner under such circumstances. That the case, for instance, of a man who has lost an eye. I believe that, according to the table of disabilities, the loss of one eye creates a right to a 40 per cent disability pension. Let us say this man is a 45 per cent pensioner, that he has lost one eye and has some gunshot wounds. At age 70 this man would receive $675 under the Pension Act, he would receive $480 under the Old Age Security Act and roughly about $5 a month by way of war veterans allowance, making in all a total of $1,200. I think that this 45 per cent disability pensioner might say, to use the terminology of the hon. member for Royal, that he was prejudiced in that he would be getting very little benefit from his disability pension.

I dealt at much greater length with this question last year and I did note that although hon. members have again made the same representations—I know they do so with the greatest sincerity—no one dealt with the side of the case that I put up last year.

In the course of his remarks one hon. member said this: "It would not cost the government very much more just to raise the ceiling to $1,200 for the single recipient and $2,000 for the married recipient." I wish that were so, Mr. Chairman. However, it has been estimated—and these estimates are fairly accurate—that to raise the ceiling to those levels, with the present rates being paid, would increase the liability for war veterans allowance which appears in the estimates as $41,192,000 by $13,900,000, which would be, I believe, a little more than a 30 per cent increase in the present liability.

Mr. Brooks: Might I ask the minister a question there?

Mr. Lapointe: Yes.

Mr. Brooks: Would that be in the event that all war veterans were unemployable it would reach that amount?

Mr. Lapointe: No. It would mean present recipients plus additional recipients. As my hon. friend well knows, every time the ceiling is raised on legislation such as this a new group of recipients come in under the act, veterans who were barred from the act because of the existing ceiling and who with a higher ceiling may be permitted to come under the act for part of the allowance. That is the estimate we have. I say these estimates are fairly accurate. The last time we raised the ceilings and the rates, I gave the house an estimate of the increased liability, and I think the experience of the following year showed that our estimate, if anything, had been too conservative.

Mr. Brooks: My point is this, Mr. Chairman. The war veterans allowance is given under two headings, namely to those who are employable and those who are unemployable. I know that while the department have not boasted they have spoken quite eloquently of the casual earnings and so on, and have shown to us that a war veteran who was receiving the benefits of casual earnings receives more than $1,200 a year while the war veteran who is married and receives casual earnings obtains over $2,000. I was wondering whether they were being included in this amount of $13 million which the minister is now quoting. Frankly I may say that I think his estimate is much too high. I do not think the amount would be anywhere near that.

Mr. Lapointe: These estimates are based on the same figures we gave previously, when I told the house what would be the estimated cost of the increase in rates and increase in ceiling which we implemented when we last amended the legislation. I might further add that casual earnings do not come into the picture at all because, as my hon. friend knows, they are exempted. This would be straight income.

Mr. Brooks: They would come into the picture in this way—

Mr. Lapointe: Not into this calculation.

Mr. Brooks: —if a man were earning $600 or $700 a year and asked for war veterans allowance, it would only be the $600 a year that he could receive even though the ceiling were $1,200. That is the point I wish to make.

Mr. Lapointe: I might read briefly what the estimated cost is based on. Taking into account all other income which the present recipients had and the additional amount of allowance that would be paid to them if the ceiling were increased, it is estimated that an additional sum of $9,050,000 per annum would be paid out. It is also estimated that the increase in ceilings would make eligible for allowance 8,260 other veterans at an annual cost of $4,850,000. Thus the total cost of this proposal is estimated to be $13,900,000 per annum.

Mr. Brooks: Does that also include the extra amount that would be paid out in old age pensions?

Mr. Lapointe: No, this would be a straight vote for war veterans allowance.

Mr. Brooks: I think it needs checking up again.

Mr. Pickersgill: It was right the last time.

Mr. Lapointe: My hon. friend says it needs checking up again. May I say that I have noticed one thing, and it is this. Every time I have given estimates they have been challenged. Hon. members opposite always say, "Of course that is exaggerating". However, when we implement the changes those estimates always prove to be either accurate or, if anything, too conservative. I therefore think the hon. member may rely on the figures I have given him.

Mr. Knowles: Why not try being liberal once in a while?

Mr. Lapointe: I may say that is about the only occasion on which the department is too conservative.

While speaking on this question of raising the allowance may I say there is one point which seems to be forgotten. It has been admitted by hon. members and certainly by veterans' organizations across the country that the changes which were made last year in the formula used for casual earnings had been of considerable help to the veterans under war veterans allowance, and that the more generous approach which the department had taken in the handling of this legislation had certainly brought about great benefits. But there is one group, and I think they are the ones to whom our attention should be directed particularly, who constitute what might be described as the difficult cases.

I refer to the war veterans allowance recipient who has absolutely no other source of income; who is totally unemployable; who cannot benefit from casual earnings because he is incapable of doing so; who has no disability pension; who has no superannuation. Regardless of the level to which you raise the ceiling on permissible income I submit that you cannot help this man directly, because he has no other source of income. That is where the assistance fund comes in.

Mr. Brooks: Would there not be one exception, namely the man who is 70 years of age and who would receive old age pension?

Mr. Lapointe: I shall deal with that matter. My hon. friend knows that an unemployable veteran might come in long before he is 60. He might come in under the war veterans allowance if he is totally disabled physically or mentally, and nothing can be done; no matter how high you raise the ceiling, you do not help that man. That is why we created the assistance fund a few years ago.

There is one thing I have noticed, and it is this. Whereas the creation of that fund was discussed at the time, in any representations that are now made to increase the ceilings under the War Veterans Allowance Act, there is no longer any demand that this assistance fund should disappear. All who are familiar with the operation of the act realize the necessity for it.

I think the hon. member for New Westminster mentioned the rigidity of the formula used in granting assistance under this fund. I did refer to that in my opening remarks. Last year we did broaden the formula used to qualify under the fund, and we did follow very closely its operation during the year. As I mentioned in my opening remarks, in my own estimation there are cases in which the formula now is not flexible enough, and it is the intention of the department and the war veterans allowance board to go into this and be able to deal with those individual cases of hardship which remain even with the existence of the fund.

Then, Mr. Chairman, the hon. member for Royal asked me if the war veterans allowance recipients reaching the age of 70 would not be able to benefit by the full amount of the old age security payment if the ceilings were raised to the levels that have been

suggested. Well, that is quite true. This matter was raised by other members. On other occasions, I have given the government's view on the matter. I know I have been questioned in this house and outside. The fact of the matter is, whether or not one wishes to admit it, that one has to go back some years to the origin of the war veterans allowance to realize just what was behind that legislation. I have said this before the Canadian Legion at their dominion convention, and nobody contradicted me. Nobody has contradicted me so far. I should like, if I may, to quote exactly what I did say at that time, because it explains why certain things that are requested under the War Veterans Allowance Act, in the view of the government cannot be done. These remarks were made in 1954 at Toronto:

> War veterans allowances have been based, since their inception in 1930, on the premise that service in a theatre of war preaged a veteran and placed him in a more unfavourable position in the labour market than would have been the case if he had not had such service. Because of this accelerated aging, the allowances were introduced to provide for veterans who needed at age 60, a form of social security not available to their non-veteran contemporaries until they reached the age of 70.
>
> In effect, it was an old age security scheme designed especially to meet conditions peculiar to veterans who had seen combat service.
>
> Now—some of you may object to that assimilation of the war veterans allowance to other social security measures. But the fact remains that a perusal of the debates in the house and the deliberations of the parliamentary committee of 1930 will bear me out on this point.
>
> This being the case, any major changes in the War Veterans Allowance Act—particularly some which have been suggested—cannot help but have serious financial implications in other fields of governmental activities.

Mr. Chairman, that basically is why, when a recipient of war veterans allowance reaches the age of 70, the amount of his allowance is reduced by the amount of the old age security payment he receives. Otherwise, for all practical purposes, he would be receiving the equivalent of two old age pensions coming from two different sources. Unfortunately that is the position and no one has ever denied it. It is impossible to do so if you go back and study the origin of the legislation and the debates that took place at that time.

Mr. Brooks: Does he not receive it now? He is receiving one and a part of the other. He receives both.

Mr. Lapointe: Because the balance of the war veterans allowance within the ceiling is paid to him as assistance on account of his war service. The same reasoning applies to some of the other representations which were made. I do not think it can be ignored.

There was much said about service in England during the first war being recognized for the purpose—

Mr. Knowles: Before the minister leaves the matter he was just discussing I wonder if he would permit another question. If the minister is going to claim that there is a relationship between the war veterans allowance and the old age pension because of the origin of the war veterans allowance, should the government not now take cognizance of the fact that whereas the old age pension in 1930 had a means test, the old age security pension that is now paid at age 70 has no means test. Does that not make it necessary, if the government is going to draw this parallel, to do something about the means test on the war veterans allowance, which the minister says is the civilian old age pension which the civilian receives at age 70, paid to the veteran at an earlier age?

Mr. Lapointe: I think my hon. friend will admit that if the means test were taken away from the war veterans allowance the result would be that this legislation would become nothing less than pensions legislation for non-service incurred disability paid to veterans automatically on reaching a certain age. It would amount to that. I have never heard of any organized veterans' body in this country endorsing such a policy.

Mr. Knowles: If the minister is not prepared to take that move, is he fair then in saying that the parallel still exists between the war veterans allowance and the old age pension? My point is that he is correct historically in referring to the parallel in 1930, but surely cognizance has to be taken of the change that has been made with respect to old age pensions. I think the Legion and others who have made representations are being responsible and fair in suggesting as a compromise made necessary by the change not necessarily the removal of the means test from the war veterans allowance but a raising of the ceiling itself.

Mr. Lapointe: There has been a certain amount of compromise, because the ceiling was raised and certainly our regulations concerning casual earnings, farm earnings and earnings from keeping boarders and so on, if my hon. friend is familiar with them, are very generous.

Mr. Knowles: The ceiling was raised, for the single recipient, only by the amount of the increase; the margin was not raised.

Mr. Lapointe: It was raised from $60 to $70.

Mr. Knowles: The allowance was raised from $50 a month to $60 a month, but the margin was not changed from $10 a month.

Mr. Lapointe: I do not think that comes into it at all.

Mr. Knowles: We think it does.

Mr. Lapointe: This is one case where my hon. friend and I differ in our views. However, to return to what I was saying concerning service in England during the first war, it was suggested that it should be recognized as a qualification for war veterans allowance. I think if we go to the origin of this legislation, Mr. Chairman, we have to recognize that eligibility for war veterans allowance is based on service in an actual theatre of war. I know the hon. member for Royal in the course of his remarks the other day said that it used to be like that but it does not exist any more. I would like him to get together with his colleague the hon. member for Vancouver-Quadra, because in the course of his remarks concerning war veterans allowance recipients he referred to them as "those fighting front line soldiers".

Mr. Brooks: That was the original idea. I would like to ask the minister this question in order to see if he and I agree. Is it not true that we give war veterans allowance to men who have dual service, and that a man who only had service in England in the first war and only had service in Canada in the second war without ever being near the front line receives war veterans allowance?

Mr. Lapointe: That is right.

Mr. Brooks: I also referred to the man who was in the back lines in France and never got near the front. That is my argument on behalf of the men who had service in England. I think we have come a long way from the original idea.

Mr. Lapointe: I do not fully agree with the hon. member for Royal, Mr. Chairman, with regard to the dual service veteran. I think the hon. member is as familiar as I am with the history of that particular section of the War Veterans Allowance Act. This change was brought in originally in 1944, and it was an order in council passed under the authority of the War Measures Act. It was known as the "veterans' dual service pension order". The hon. member will recall that, when we sat in the veterans affairs committee in the years that followed the war and were asked to put in statutory form the various orders that had been passed, something had to be done about that particular pension order and it was added to the War Veterans Allowance Act at that time as part III of the act.

Finally when we reviewed and consolidated the act in 1952—my hon. friend sat as a member of that committee—it was decided that rather than have a separate part of the War Veterans Allowance Act to deal with the dual service pension order, it would be simply included in the act as a section and it became, I think, section 30. These veterans were described in section 30 of the War Veterans Allowance Act.

I say we cannot overlook the fact that the war veterans allowance was originally created and has always been looked upon as legislation designed to deal with the needy veteran who served in an actual theatre of war. It has been said that many of these men stayed in England not because of their own choice. They may have been kept there because they were on the administrative staff or for some other reason, and mention has been made of the fact that they would have liked to serve in an actual theatre of war. I point out, Mr. Chairman, that is the case with every man who enlists. If service in England during world war I is recognized as a qualification for war veterans allowance I do not see how we could eventually avoid recognizing service in Canada.

Mr. Brooks: That is not a logical conclusion.

Mr. Lapointe: My hon. friend shakes his head, but I would point out to him that particularly during the second world war many men stayed in Canada because they were kept here for some reason or another. I would cite, for example, the case of a flying instructor. I know some of them personnally who because they enlisted at the beginning of the war were considered too old to fly, because the air force was pretty choosey concerning age in those days at the beginning of the war. Those men were put on the instruction staff and remained there. They flew in Canada in that capacity throughout the war, and certainly they underwent as great a risk to their lives as anybody who served in England during the first war. If we were to consider preaging and the fact of having undergone hardship being likely to bring about preaging, I know my hon. friend is familiar with some of the training the army, for instance, was put through particularly during the final years of the war. I suggest that at the present time disability pensions are being paid to people who suffered disability on battle drill courses or assault courses where undoubtedly they were put through a very hard type of training.

Mr. Brooks: They were in the first war, too.

Mr. Lapointe: I am just mentioning those cases to illustrate how difficult it would be, if we granted the request that service in England during the first war be recognized, not to include service in Canada, as service in an actual theatre of war.

It was also mentioned that this change would not be very costly. It is estimated that recognizing England as a theatre of war during world war I would cost approximately $7,920,000, which would have to be added to the present cost of war veterans allowance; and of course if this were done and the previous request of some hon. members were granted that the ceilings be raised, this amount would also have to be increased.

Mr. Brooks: In that connection may I ask the minister if it is not true that the figure he quoted includes several thousand veterans who arrived in England in 1918, at about the time the war ended, and all the real service they had in England was training in some of the reserve camps?

Mr. Lapointe: I am afraid it would include all service in England; that is right. It is impossible for me to give the figure concerning those who came in at such a date and so on, but I am giving the figure for 1955. It is estimated that the probable number of veterans living in 1955 who had seen service only in England was 52,000. In arriving at this estimate we assumed that the same proportion would apply for war veterans allowance as in the case of other veterans who qualify, and that would be approximately 23 per cent. This refers to world war I, of course.

Mr. Churchill: These figures were given last year in the committee on estimates, and I quoted them last year when I was speaking. A total of 52,000 served in England, and the official who gave these figures estimated that 11,500 would be eligible for war veterans allowance, or 22 per cent—the minister makes it 23 per cent—with the cost being $9,650,000. I want to point out that on the basis of the total number of survivors of world war I and taking the number drawing war veterans allowance as being 10 per cent, the figure for the United Kingdom would be reduced greatly, and I estimate it would be only $4,200,000.

Mr. Lapointe: My hon. friend is quite an expert on figures and the interpretation of statistics, but I can only give to the committee the views which my officials and the financial members of my staff give to me. Those are based on our past experience with other veterans.

There is another point which was mentioned by some hon. members and to which I should like to refer briefly. This concerns the payment of war veterans allowance to recipients who were living outside of Canada for reasons of health. Last year the hon. member for Kootenay West spoke at some length on this subject and I told him that we would be looking into these particular cases, which would call for an amendment to the act. Since that time I have had discussions with officials of my department, and I asked them to investigate this situation thoroughly.

I regret to say that, after a great deal of discussion and thought we find it is not feasible to amend section 14 (1) as was suggested. Under the present legislation a recipient may absent himself from Canada for a period of up to three months in any calendar year without affecting the payment of his war veterans allowance, and he may dovetail his stay outside of Canada from one calendar year into another and thus be able to absent himself for six months without having his allowance reduced. However, he can do this only once every two years.

There are serious obstacles to making the suggested change in the legislation, one being the provision of treatment for recipients of war veterans allowance who are living outside of Canada. A great proportion of them need medical treatment from time to time, and this would involve the extension of the provisions of section 12 of the veterans' treatment regulations. It would be most difficult indeed to implement such provisions.

Then there would be the difficulty of arranging for periodical medical examinations of veterans who have not reached the age of 60 years but who are in receipt of war veterans allowance because they are totally unemployable. Such examinations would be most difficult indeed under the circumstances. There would also be the matter of administering the means test in connection with people living outside of Canada. Of course if we followed the suggestion of the hon. member for Winnipeg North Centre and eliminated the means test that obstacle would disappear, but I am afraid I cannot agree to that suggestion.

Complicated administrative problems would be created where the wife of a recipient of war veterans allowance did not accompany him when he left Canada but remained in Canada. It would be most difficult to amend this section of the act to permit a war veterans allowance recipient to go outside Canada to only one or two specific countries. During the course of the debate last year reference was made to the veteran who might wish to go to the southern part of the United States or Mexico. If the act were opened up to permit the payment of allowances in other parts of the world, the administrative problems thus created would be most complicated.

The hon. member for Kootenay West mentioned the specific case of a veteran who wanted to go to Mexico. Frankly I do not

know how we could deal administratively with veterans in that country. As I understand it, the facilities for looking after veterans in that country certainly are not such as would meet the necessities created by our act. For that reason we have not found it feasible to agree to this change at this time.

I realize that I have taken longer than I had intended. There are many other matters on which I wish to answer hon. members, but I suggest that possibly it would be more useful to deal with specific items as they come up.

Item agreed to.

500. Veterans' welfare services, $3,155,735.

Mr. Brooks: I should like to ask a question having to do with veterans' preference in the civil service, and I do not know under what item this would come. No doubt the minister has received many complaints from veterans and veterans' organizations that the veterans' preference is not being observed as it should be in the civil service. Whether or not that is correct is not for me to say.

Recently I saw a letter from an officer of the Canadian war disability pensioners association in which he complained that there was apathy with regard to the employment of veterans in the House of Commons, and he then went on to quote specific instances. He mentioned the fact that out of 33 appointments at Kingston penitentiary in recent years only 11 were veterans, and he mentioned also that two recent appointments at Stony Mountain penitentiary were non-veterans.

I should like to ask the minister if there is any check by the Department of Veterans Affairs as to whether veterans are receiving the preference they should in connection with appointments to the civil service. The Department of Veterans Affairs is considered by the veterans to be their champion.

Mr. Lapointe: Veterans' preference in the civil service is statutory, as my hon. friend knows. It is part of the Civil Service Act and, to my knowledge and certainly to the knowledge of my officials, has always been observed. There have been drawn to our notice cases where in advertising for a position in the civil service the usual reference which always appears to the effect that preference would be awarded to veterans with overseas service had been omitted, but in actual fact, when the competition takes place, veterans' preference was observed because it is statutory. That was brought to our attention some time ago, and I think it has beeen remedied since then. As I understand my hon. friend, he wanted to know whether it was still in force.

Mr. Brooks: I wanted to know whether there was any branch of the department that checked up on the correctness of these complaints that preference was not being given.

Mr. Lapointe: When complaints of that nature are brought to our attention the welfare branch of the department investigates the case to find out whether or not they are accurate.

Mr. Brooks: Have there been any reports of inaccuracies after investigation?

Mr. Lapointe: Yes. The only report from our investigation was what I mentioned before. In some cases, the advertisement did not mention veterans' preference, but it had been applied in the actual competition.

Item agreed to.

Treatment services—

501. Operation of hospitals and administration, $39,347,750.

Mr. Knowles: I should like the Minister of Veterans Affairs to say something further regarding the matter of the five-day 40 hour week for employees in the hospitals that come under his department. I know that the last two or three times he has been asked questions on this matter on the orders of the day, including the occasion yesterday when I put a question to him, he has contented himself with the reply that he has already dealt with this matter. I must assure him, however, that that contentment is something he alone enjoys, for the employees of the hospitals where the five-day 40 hour week is not yet in effect feel that they are the victims of discrimination. In connection with this matter I should like to read to the minister a telegram which, I understand, is similar, if not identical, to telegrams received by all of us—

An hon. Member: It was already read.

Mr. Knowles: —from the Winnipeg area. This one is addressed to me. It reads as follows:

> Strongly protest the statement that appears to have been made by the Minister of Veterans Affairs to the effect that cabinet has not considered our representation for a five-day 40 hour week for hospital employees made last October.
>
> L. J. Perry, President,
> D.V.A. employees national association,
> Winnipeg.

Yesterday I asked the minister about the situation at Deer Lodge hospital, and it was one of those occasions on which he simply said that he had dealt with the matter on an earlier occasion and had nothing to add. On

other occasions when we have pressed the government for an extension of the five-day 40 hour week we have been told—and this minister has told us—that it is the government's policy to institute the five-day 40 hour week only in those areas where it is the general practice. I hasten to assure him that the five-day 40 hour week is quite general in the Winnipeg area. Indeed, in recent weeks it has been extended in the case of employees of rather large firms or establishments where it was not previously enjoyed. On that account it seems to me that employees of Deer Lodge hospital should not have to wait further for the five-day 40 hour week.

Another argument which, it seems to me, is of equal force and should carry some weight with the government is that, as I understand it, some 90 per cent of the government's employees, taking all of them into consideration, classified civil servants and prevailing rates employees and others, are now on the five-day 40 hour week, and in that case it seems all the more ridiculous that the other 10 per cent should have to wait.

The other day the Leader of the Opposition asked the Minister of Veterans Affairs whether it was true that employees of D.V.A. hospitals get the same rate of pay whether they work the longer or the shorter week. The Minister of Veterans Affairs said that was something he would want to look into before commenting on it. Perhaps he has done so in the meantime. Certainly it is my understanding that members of the operating staffs at D.V.A. hospitals get the same rate of pay whether they are at a hospital that is on the five-day 40 hour week or a hospital where they work 44 hours a week.

I speak particularly of Deer Lodge hospital because it is in the Winnipeg area, but I join with those who have made similar representations for employees of hospitals in other parts of the country. I hope that this time the minister will not just say he has dealt with this before, but that he will either indicate to us that action will be taken on this matter at a very early date or that he will give us some better reason than we have yet had for such action not being taken. Naturally I hope that what he will do now is to indicate to us that the five-day 40 hour week will very soon be extended to the operating staffs of all hospitals coming under his department.

Mr. Lapointe: I am sorry that my hon. friend took my answer to his question yesterday in that way. I am sure I did not want to offend him in any manner, but I find that I had actually answered the question the day before.

Mr. Knowles: To the minister's satisfaction, but—

Mr. Lapointe: Whether or not my hon. friend finds the answer satisfactory is another matter altogether.

Mr. Knowles: There are also the telegrams that have been coming in since.

Mr. Lapointe: Yes, but my hon. friend did not mention the telegram when he put the question. If he looks at *Hansard* for yesterday he will find—

Mr. Knowles: Yes, because the telegram came later. That is the point. The grievance still exists.

Mr. Lapointe: If my hon. friend looks at *Hansard* of yesterday he will find that the telegram was read in this house by the hon. member for Quebec West, and I answered the question on this particular telegram. However, I do not think any discussion between the hon. member for Winnipeg North Centre and myself is going to settle the question of the 40-hour week or satisfy the employees of D.V.A. hospitals. At this stage I can say that the matter is being looked into by the government, and if there is any change in policy it will be announced as a matter of government policy.

Mr. Harkness: In speaking earlier I expressed the hope that the minister might say something about the hospitalization of non-pensioned veterans, and particularly whether any changes might be under contemplation easing the regulations in that regard so that elderly veterans on comparatively low incomes might receive hospitalization without payment.

Mr. Lapointe: I referred in my opening remarks to the application of section 13 of the veterans' treatment regulations. I do not know exactly what my hon. friend wants by way of information beyond what I mentioned in my opening remarks. I believe I stated the amount that had been spent and the number of veterans who had taken advantage of that section and had benefited from it. I should like my hon. friend to restate his question.

Mr. Harkness: I read a resolution which had been passed by a local branch of the Legion in Calgary requesting that veterans above the age of 55 and with incomes below $1,800 for a single man and $3,500 for a married man should be able to take advantage of this hospitalization without payment rather than having to pay the sums they have to pay at the present time. I do not know how much these particular people have to pay, but in any event the rate is $14 a day for the non-pensioned veteran.

Mr. Lapointe: I may say that to my knowledge the resolution to which the hon. member refers was never presented to the dominion convention and as such was never presented to the government by the Canadian Legion. As my hon. friend knows, the section provides for a sliding scale having regard to income, in order that a veteran may not become financially embarrassed because of hospitalization if he is in the low income group. The sliding scale starts at $840 and goes up to $2,500 under what is called adjusted income. I could explain it at great length but I could not say anything more by way of explanation than appears in the pamphlets that were issued by the department and which I believe my hon. friend received, and which explain how this particular clause involving the sliding scale works.

In the last year 6,359 patients were treated under section 13, and that was done at a cost of $2,356,563. Of this amount only $546,726 was charged to the patients, which I think indicates the effectiveness of the sliding scale plan and how it operates in helping veterans to get treatment at a very low cost. Of course the indigent veteran is treated free in our veterans hospitals.

Item agreed to.

Treatment services—

503. Hospital construction, improvements, equipment and acquisition of land, $4,534,825.

Mr. Churchill: This item deals with hospital construction, etc., and involves an expenditure of $4½ million. Would the minister give us, as he did last year, a breakdown of that expenditure by provinces?

Mr. Lapointe: I think the figures I gave last year had to do with major projects then in progress. The information this year for major projects now in progress is as follows: Saint John, New Brunswick, Lancaster hospital, land purchase and construction of laundry, $184,925; Winnipeg, Deer Lodge hospital, replacement, 300 bed hospital, $900,000; Calgary, Colonel Belcher hospital, new wing and facilities, $900,000; Vancouver, Shaughnessy hospital, prosthetic and maintenance building and central heating plant, $650,000, and new wings and facilities, $225,000. I would think that would be the first payment at the commencement. That covers the major projects.

Mr. Churchill: I have one other comment with regard to the construction of hospitals. I have been in some of these veterans hospitals and I think they are a credit to our country. At the Lancaster military hospital in New Brunswick I saw an inscription on a bronze plaque which I thought was very much to the point and well chosen. These were the words:

> To the gallant men and women of the armed forces of Canada who have fought and suffered in her wars for freedom this hospital is dedicated by a grateful people.

When I read it I thought that was a fine inscription to be placed on a plaque in a veterans hospital and that it or a similar inscription might suitably be placed in other veterans hospitals. I wish my commendation could go further than that, but I regret to say that I must now raise an objection, and I want to give a warning to the minister. I take quite an interest in the Minister of Veterans Affairs, and I try to give him advice from time to time.

Mr. Lapointe: I am very grateful.

Mr. Churchill: Therefore I am going to give him some advice on this occasion. He is concerned with other hospitals throughout the country. I am very much interested in the addition to the Deer Lodge hospital, and what I have to say about putting bronze plaques in military hospitals will also apply to other public buildings in which the minister might be interested so perhaps he might pass this word on to the Postmaster General. A new post office is going up in the city of Winnipeg and I do not want him to make the error there to which I am now going to refer.

The bronze plaque in the Lancaster military hospital is a very large plaque. I have given the inscription. The plaque measures 36 inches across and is 18 inches in depth. It is very large. One-third of the bronze plaque is taken up with the inscription I have read and to which I have given approval. Two-thirds of the plaque, the larger portion, is taken up with the names of the gentlemen who opened that hospital, a hospital erected by the people of Canada for the veterans of this country. It is to that practice that I raise objection. These hospitals as well as other public buildings have to be opened but those who open them are serving in a temporary capacity and their names do not need to be recorded for all time.

I recognize the fact that the minister is a representative of the new ruling class of Canada, the pseudo-aristocracy, the descendants of the family compact, foreshadowed in section 49 of the British North America Act; nevertheless I do not think it is correct that their names should be recorded for all time on public buildings in Canada. Consequently I draw attention to the fact that this plaque, which may be satisfactory to the people of Lancaster would not be satisfactory,

I think, in the city of Winnipeg, records the fact that the Minister of Labour, the Minister of Veterans Affairs and the then deputy minister of veterans affairs opened that hospital and their names and titles are recorded in bronze, occupying two-thirds of that large plaque and dwarfing the one-third devoted to the inscription recording the fact that the people of Canada erected the hospital for their veterans. The type used for the Minister of Labour is one inch in size for each letter, and for the Minister of Veterans Affairs and his deputy the type is three-quarters of an inch in size for each letter.

If you look at the plaques which were set up just outside the library, on the occasion of the opening of the renovated building, you will see that they are much more modest in character and in the size of the type that is used. But at this veterans hospital erected by the people of Canada for disabled veterans and those in trouble, in great blazing letters three-quarters of an inch in height, we have recorded for all time the names of these temporary occupants of office, two of whom happen to be present here in the House of Commons and the other serving as a deputy minister. The three gentlemen are all deserving of recognition in some way or another for their services to their country, but I think it should not be done in this way. In so far as any new buildings are concerned out in the area in which I dwell, I suggest to the minister that this practice should not be followed.

Mr. White (Middlesex East): Mr. Chairman, I regret that I was out of the chamber for a few moments and did not hear what the minister had to say with regard to new construction. What is in the books for Westminster and London?

Mr. Lapointe: As far as Westminster hospital is concerned, the situation is this. It is at the head of the priority list, if I might use that expression. As soon as the major projects which are now under construction—like Colonel Belcher hospital in Calgary, which will soon be finished, and the others I have mentioned—are completed, Westminster hospital will be the first one on which work will start thereafter. I would think that in next year's estimates there will be an item for the start of construction. At the present time we are working on the plans and specifications.

Item agreed to.

War veterans allowances and other benefits—

508. War veterans allowances, $41,192,000.

Mr. Nowlan: Mr. Chairman, this matter might have been raised on item 507 but I thought the minister would like to get away from the block of figures with which he has been tied up and move on to another heading.

I have one question to raise with respect to the war veterans allowance. I am raising it now because, as a matter of fact, this morning I had another letter about this case which reminded me of it. It raises a problem on which I should like the minister to make a brief statement. We know that the war veterans allowance is paid under various categories, over 60 and so on and so forth, permanently unemployable, and then you come down to one who, because of physical or mental disability or insufficiency combined with economic handicaps, is incapable of maintaining himself.

The situation which was brought rather forcibly to my mind this morning by a rather pathetic letter—a situation with which the minister or his departmental officials dealt two years ago and which has now been revised—is one such as this. You have a veteran who has been receiving war veterans allowance. He had a kidney disability, as a result of which one kidney was removed by operation. He had tuberculosis of the other. He had been receiving war veterans allowance up to two years ago, when somebody decided that he was then capable of earning a living. An appeal was taken and as a result the war veterans allowance was restored. Since then he has had two more operations on that kidney, so his condition apparently was not too good two years ago. Now he has been in Camp Hill hospital for examination, and he received a letter last week saying that, according to the doctors, he was now capable of earning a living. So his war veterans allowance has been cancelled as of July 31 this year.

I can understand the position of the department. Apparently, the section is mandatory and provides that if the medical officer says that he is capable of earning a living, there is no alternative. Frankly, I do not know what the minister can do about it. I think there should be some elasticity brought into the picture somewhere. Obviously there has been such elasticity or else he could not have got around the appeal two years ago. When you go on to the next section, you find that it is much more elastic, where provision is made for payment of benefits to employable veterans because there the requirement is that he is unable to maintain himself or is capable of taking only light employment.

At the same time, I know this is not the place to amend the act, and I quite appreciate the fact that some departmental officials have taken it upon themselves to view that section very leniently in restoring war veterans allowance, and they will have the same responsibility on their shoulders within the next few days. But I would think there should be another section in there which would give some discretion.

The situation is this. This particular man is a labourer with a grade VI education and living away out in the country. I know he was told at one time, "Perhaps you can operate an elevator". He never saw an elevator in his life, and he would be scared to death if he got into one; or if he got into one and operated it, he would probably kill whoever was in it. If he had training as a bookkeeper or as a school teacher, possibly he would be able to earn a living. But as a labourer, living in a rural community where, frankly, the only employment open to a labourer would be that of digging ditches, it is practically impossible for him to earn his living, though from a medical standpoint he might be capable of earning a living if he had employment categories open to him.

I am bringing the matter to the attention of the minister. As I said, I appreciate the fact that on an earlier occasion there was elasticity in the interpretation given to the section, and that was helpful. On many occasions there must be need for such elasticity. But I would think it would be a matter worthy of an amendment of some kind, so the minister or his departmental officials would have discretion there. When you get shall we say a hard-boiled doctor—and some of them are hard-boiled because, I suppose, they are obliged to be so in order to carry out their profession—who says, "You are capable of earning a living, in my opinion", then what does the department do about it?

Mr. Lapointe: Mr. Chairman, of course it is extremely hard for me to make any comment on the specific case mentioned by my hon. friend because I do not know the details. With him, I will admit that the man concerned does not sound like a very healthy type. I shall be glad to look into the case again and see what can be done.

Mr. Nowlan: Of course that is the whole point. He does not have to be healthy. He just has to be capable of earning a living. That is the wording of the section.

Mr. Knowles: Despite what the Minister of Veterans Affairs said today in reply to what I thought were excellent representations made by many members for raising the ceiling on the war veterans allowance, I hope he will give this matter still further consideration. It seems to me that the Legion is most responsible in the figures it has suggested, namely a $1,200 ceiling for single recipients and $2,000 for married recipients. Because those figures are fair and responsible, we on this side of the house naturally do not like to suggest anything less.

However, it seems to me that the minister took advantage of that situation and was satisfied to take the view that there were only two choices; either the present ceiling or the figure advocated by the Canadian Legion and suggested in this house. If the minister and the government have not yet seen the light and are not prepared to go as far as the Legion has suggested I would hope that at least they would realize the force of the argument that has been made in the house and would start moving upward the ceilings on the total incomes of war veterans allowance recipients.

I listened with interest to the arguments the minister advanced today, and I confess that he did not convince me as well as he appears to have convinced himself. He pointed out, for example, that to establish a ceiling of $1,200 on the income of war veterans allowance recipients would be to set a figure equal to about 80 per cent of the disability pension. I point out to him, however, what all of us realize, that to establish a ceiling of $1,200 for single war veterans allowance recipients does not give them $1,200 a year. It merely permits them to supplement their war veterans allowance up to that figure.

May I also point out the other difference that would still obtain between the war veterans allowance recipient, if the ceiling were set at $1,200, and the disability pensioner, namely that there is no ceiling on the income of a disability pensioner. It seems to me that these same answers apply to the other examples the minister gave, and that in fact to establish a higher ceiling on war veterans allowances would not be as unfair—I am not sure if that is the word he used but that is the spirit I caught from what he said—as he suggested it would be to the disability pensioner. I do not hear any disability pensioners complaining about the suggestion that something better be done for war veterans allowance recipients. As a matter of fact those ceilings in the War Veterans Allowance Act have a limiting effect on the income of many recipients of the disability pension.

As the minister and all of us know, where a disability pensioner is receiving an amount as a disability pension which is equal to or higher than the ceiling set in the War Veterans Allowance Act he is denied the possibility of any supplement under the War Veterans Allowance Act. On the other hand, if the ceiling were raised under the War Veterans Allowance Act it would be of assistance not only to those who receive only the war veterans allowance, not only to the others who might come in, but it would be of assistance as well to many who receive disability pensions in the lower percentage brackets.

The minister also gave the example of a war veterans allowance recipient now drawing $60 a month. He said that if the ceiling were raised to $1,200 a year or $100 a month, that would permit him, when he reached 70 years of age, to draw the $40 old age pension in full and still keep the full amount of his war veterans allowance, bringing him up to $100 per month. Against that the minister set the case of a 45 per cent disability pensioner drawing $675 a year disability pension and $480 old age security or a total of $1,155 a year. He said further that that person, if the ceiling were raised to $1,200, would be able to draw only another $45 a year as war veterans allowance.

As I took it from the minister, he seemed to suggest that there was something of an imbalance between the treatment accorded the disability pensioner and the war veterans allowance recipient in that situation. May I point out that so far as the war veterans allowance recipient to whom he referred is concerned, prior to reaching age 70, at $60 a month he is already receiving $720 a year which, of course, is more than the 45 per cent disability pensioner is receiving under that legislation. The 45 per cent disability pensioner does not complain about that so long as there is a margin that permits him to get a supplement by way of war veterans allowance if his income is not adequate.

All told, Mr. Chairman, it seems to me that these comparisons the minister sought to make between the position of the disability pensioner and the war veterans allowance recipient are not valid. For these, and for the other excellent reasons that have been advanced in the discussion of these estimates, I hope that further consideration will be given by the government to raising these ceilings. I wish the government would start making some upward move at this session. Certainly the ceilings should be set at nothing less than the figures suggested by the Legion of $1,200 single or $2,000 married, but surely it is possible to make a start in that upward direction at this session.

Mr. Argue: I wish to support the request of the Canadian Legion that the allowable income ceilings on war veterans allowance recipients be increased. I think over the years the Canadian Legion have taken a very responsible attitude so far as government legislation is concerned. Their proposals have always been moderate and responsible. I think their proposals today in relation to the war veterans allowance are very modest indeed. They are not asking, though I think they might have reason to ask, that the basic pension itself be increased above the $60 for a single person or $108 for a married couple. The new income ceiling they suggest of $1,200 per year single or $2,000 a year for a person who is married I think is quite low enough.

Today the cost of living is at an all-time high. If such a person could obtain the extra allowable income to reach the $100 a month, that would be little enough to meet the current cost of living. The Legion is asking for only a $30 per month increase for a single person and $46.66 increase in the allowable income per month for married veterans.

I would like to see, as others have said, a veterans affairs committee established again. I believe that in the past members of that committee have taken a very sympathetic attitude towards the veterans. I believe that if a representative committee of this house were to discuss this question they would bring in a recommendation that would, in large measure, meet the requests of the Canadian Legion.

I have only a few more remarks to make, Mr. Chairman.

The Deputy Chairman: Has the hon. member consent to continue?

Some hon. Members: Agreed.

Mr. Argue: I have just one other remark. I cannot understand why persons on war veterans allowance who become 70 years of age are not allowed to have the old age security pension without a reduction being made in the war veterans allowance. I have had persons say to me, one living across the road from another, that it seems an anomaly that a person who is quite capable of taking care of himself in his old age, quite wealthy, reaches the age of 70 and gets an additional $40 per month, but a person on war veterans allowance will have his allowance decreased by $30 per month, if he is a single veteran without additional income, or by $58 per month for a veteran and his wife on old age security if they have no additional income. I would suggest that the minister take a look

at this question and place the veterans who are on war veterans allowance in the same position as other Canadians.

Item agreed to.

The Deputy Chairman: If the committee will permit me, may I say it has been indicated to me that there is a desire to make a change or two in the personnel of the standing committees, and under those circumstances would the committee agree to reporting the resolutions and asking leave to sit again later this day?

Some hon. Members: Agreed.

Progress reported.

Resolutions adopted in committee of supply this day reported and concurred in.

RESEARCH

CHANGE IN PERSONNEL OF SPECIAL COMMITTEE

The Acting Speaker (Mr. Applewhaite): Is there unanimous consent to revert to motions?

Some hon. Members: Agreed.

Mr. W. G. Weir (Portage-Neepawa) moved:

That the name of Mr. Hahn be substituted for that of Mr. Low on the special committee on research.

Motion agreed to.

SUPPLY

The house in committee of supply, Mr. Applewhaite in the chair.

DEPARTMENT OF VETERANS AFFAIRS

War veterans allowances and other benefits—

509. Assistance fund (war veterans allowances), $650,000.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Mr. White (Middlesex East): I notice reference in this item to the erection of headstones. Would the cost of a headstone and its erection be provided for in the case of a veteran who died and was buried in other than a military cemetery?

Mr. Lapointe: A headstone is provided by the department in every case where a veteran dies while under treatment in a veterans' hospital and the department has contributed toward the cost of burial, and in the case of the death of a disability pensioner discretion is given to the commission to pay for a headstone if the financial circumstances of the deceased warrant such a decision. Similarly, headstones are provided by the Last Post fund in the case of veterans who are buried by that fund, and of course they are provided for all veterans in our war cemeteries overseas. The latter is handled through the imperial war graves commission.

Mr. White (Middlesex East): I presume that would apply also to Indians who were war veterans.

Mr. Harkness: The hon. member for Royal is not able to be here this evening because of the activities of the research committee, and he asked me to bring up the matter of assistance provided under the war veterans allowance. I note that the amount spent under this vote last year was about $375,000 less than the amount voted. The act provides for the payment of $10 per month or $120 per year to completely unemployable old veterans who are receiving war veterans assistance, but it would appear that the average payment is considerably under that amount. I should like to know the average amount paid to these unemployable old veterans. My information is that instead of $120 per year being paid the average is between $60 and $70, or about one-half.

It would appear from the fact that the amount voted last year was considerably underspent that the regulations have been rigorously applied. I submit that this is one group who are probably in about as bad a situation as any group in the Dominion of Canada. These old veterans are completely unemployable and it is impossible for them to supplement their war veterans allowances. In spite of that fact, if my information is correct on the average they get only a little more than half what the legislation provides.

I should like the minister to tell us what was the average amount paid and why the vote was underspent by more than one-third last year?

Mr. Lapointe: The hon. member will remember that last year we amended the act to increase the ceilings and the rates, and in so doing we brought in additional veterans. It turned out that we had overestimated the number who might qualify for assistance from the fund. Furthermore, by raising the rates some people who might have applied for assistance under the fund did not do so.

In making our estimate this year we went by our experience last year, but from what has happened in April, May and June it would appear that we may have underestimated. As compared with the same months last year the number of applications received in April, May and June this year were 40 per cent higher.

As of March 31, 1956, there were 6,256 recipients who were receiving assistance

from the fund, and of that number 3,070 represented new applications made during the year, the balance being carried over from the previous year. Of the 2,072 veterans receiving allowances on the basis of married rates, 1,574 received $10 per month or more. Out of a total of 272 widows, 232 received $10 per month or more. Of those two groups, 311 received single payments averaging $58 per year.

In the case of those on single rates, out of 1,501 veterans, 756 received $8 per month or more; out of 1,467 widows, 1,158 received $8 per month or more. In that group 560 received average single payments of $42. Out of a total of 2,348 married rate recipients, 2,117 received assistance at the rate of 85 per cent or more. Out of 2,968 recipients, 2,474 received assistance at the rate of 80 per cent or more.

Mr. Harkness: A rapid bit of mental arithmetic would indicate that the figures the minister has given indicate that the average payment was around $7 per month instead of $10. It would seem to me that as the amount involved here is almost negligible considering our general revenues, being $100,000 or something less than that, this is a case where the legislation and the regulations should be applied in the most liberal manner possible.

I see the minister nodding his head in agreement. I hope that in future years these people will be given the maximum amount the law allows, the $10 per month, without too much question being asked; because, as I say, the total amount of money involved is very small. For people who are getting say $60 per month total income plus the amount of this allowance, if they get $10 per month perhaps they can just get by, whereas if they get only $66 or $67 per month it may mean a terrific amount of hardship. It is a question of people on an extraordinarily low total income where every dollar makes a great deal of difference as to whether they merely exist or perhaps exist with one, two or three of the simple pleasures of life.

Mr. Lapointe: I think the hon. member will recall that in my opening statement I did mention that, basing ourselves on last year's experience, although the formula used for the assistance fund had been broadened last year, there were cases where we did not think it met the problem, and members of my department were looking into this to try to find a solution to those problems.

Mr. Thomas: I could ask this question either on item 508 or item 509. What will be the relationship between the new unemployment assistance act and the war veterans allowance and war veterans' assistance? Is there any agreement between the two departments as to which will look after the borderline cases? Has the Department of Veterans Affairs agreed more or less to look after the borderline cases of those who might be veterans, or will they be dealt with under the unemployment assistance act? Where are they going to draw the line?

Mr. Lapointe: I should not like to make any definite pronouncement on the matter. I should think that any assistance received under the new act would, as the present War Veterans Allowance Act stands, have to be considered as income for the purpose of this act. The problem has not arisen as yet, and I can assure my hon. friend that we shall study this situation.

Mr. Thomas: What worries me about this is the fact that it could be quite convenient for the Department of Veterans Affairs to disclaim any responsibility in many of these cases and put the onus on the unemployment assistance act, under which the cost would be shared by the provincial government.

Mr. Lapointe: At the present time, payments for unemployment under the Unemployment Insurance Act are considered as income under the War Veterans Allowance Act, and they have to be taken into consideration when computing the permissible income of the recipient of war veterans allowance. I should think that principle would apply to the new act but, as I said, the matter has not been studied as yet.

Mr. Thomas: It is not exactly a parallel comparison, because the new act, the unemployment assistance act, is drawn up in such a way as to supplement the Unemployment Insurance Act; and there would not be much overlap between the Unemployment Insurance Act and the war veterans allowance or assistance, but there might be between the unemployment assistance and the war veterans allowance. It appears to me that there might possibly be a tendency to take many of these borderline cases who are applying for war veterans allowance or war veterans assistance and place them under the unemployment assistance act, in which case the province would be responsible for carrying a part of the burden.

Mr. Lapointe: It will be looked into, but I might say that in the past the situation has been that where there are borderline cases we get them under the war veterans allowance.

Item agreed to.

Miscellaneous payments—

511. To provide for payments to the last post fund; for the payment under regulations of funeral and cemetery charges, including the perpetual care of graves where applicable; for the cost and erection of headstones in Canada; for the maintenance of departmental cemeteries; for the maintenance of Canadian battlefields memorials in France and Belgium and for Canada's share of the expenditures of the imperial war graves commission, $1,393,713.

Mr. Harkness: I note in the details on page 613 of the estimates that the grant to the imperial war graves commission is $467,000 this year, whereas it was $518,000 last year. Could the minister tell us the reason for that decrease? As I stated this afternoon, I was extraordinarily impressed with the work the war graves commission is doing and the care it is giving to the cemeteries where our Canadian war dead are buried in Europe. My understanding was that our payment to the imperial war graves commission was on a per capita basis; in other words, that we paid so much per grave. I wondered whether this decrease meant that we had decreased the amount we were paying per grave, which I should think, in view of what I saw in several score of cemeteries last summer, would not be a good move.

Mr. Lapointe: No, the amount we pay is set by the commission. It is on a pro rata basis on the number of Canadian graves in those cemeteries. At the present time the imperial war graves commission is completing the construction stage of its work in our cemeteries, and in many of them, as my hon. friend knows, their work consists in maintenance of the cemeteries. Hence their budget has gone down, and our share of that budget has decreased accordingly. However, the commission set the amount. They bill us for the work they do for Canadian graves over there.

Item agreed to.

512. Grant to army benevolent fund, $8,000.

Mr. Quelch: Could the minister say who administers the benevolent fund and just what veterans benefit under that fund?

Mr. Lapointe: The army benevolent fund, as my hon. friend knows, is set up under statute. It is administered by a board headed by General Murchie. The members of that board are: Lieutenant General Murchie, chairman; Brigadier Gauvreau, Montreal; Captain Peck, Vancouver; Lieutenant General Sansom, of Fredericton, I believe, but representing the Canadian Legion; and Major Wickens, representing the national council of veterans' associations. They do their work through the officers of provincial committees. There is a committee for each province of people who in a benevolent fashion do that work for the fund. They have a central office, and every year they make their annual report to the Minister of Veterans Affairs, and that report is tabled in the house.

Mr. Quelch: What kind of cases would be looked after?

Mr. Lapointe: They are all world war II veterans who can benefit from the fund, because it was made up of regimental funds, mess funds and so on accumulated in the second world war. Their work involves a welfare program, financial assistance and vocational training of children of veterans. They will endeavour as much as possible to help in the rehabilitation of veterans and in meeting major emergencies with which the veteran cannot cope because of the high financial cost that might be involved. They will also help in re-establishing a veteran who is in bad financial circumstances by advancing money, possibly getting agreement among his creditors to accept certain sums, and set him back on his feet.

Mr. Quelch: What is the total amount of the fund at this time?

Mr. Lapointe: The balance in the fund as of March 31, 1956, was $8,088,045. The program of expenditure is laid out in such a way as to endeavour to keep the fund going for 50 years from the date of the end of the war. That was the recommendation made by the veterans affairs committee when that statute was studied.

Mr. Quelch: Is it supposed to be in the form of a revolving fund?

Mr. Lapointe: Oh, no. The money is held as a special account in the consolidated revenue fund, and the expenditures are actually made out of the fund so that 50 years after the end of the war the fund will have been totally expended.

Mr. Thomas: Could the minister tell us what the expenditures were for each of the last five years, and how much was for administration?

Mr. Lapointe: The figures I have here show the total disbursements since the inception of the fund. The figures cover the last three years, and by figuring the difference between these amounts I would be able to tell how much was actually expended. In 1953-54 total disbursements had reached $2,354,473. In 1954-55 they had reached $2,901,984, and for 1955-56 that figure had reached $3,368,373. It works out, I think, that slightly over $400,000 a year is expended from the fund.

Mr. Thomas: Is there any way of telling what were the administrative expenses?

Mr. Lapointe: For the year ended March 31, 1956, the administrative expenses were $70,068.

Mr. Regier: Did I understand the minister to say that for an expenditure of some $400,000 odd the administrative costs were some $70,000 odd? I should like to be sure on that point.

Mr. Lapointe: I am sorry; I did not quite catch the question.

Mr. Regier: Did I understand the minister correctly that last year for a total disbursement of $400,000 odd the costs of administration were $70,000 odd?

Mr. Lapointe: The actual amount spent by way of grants to veterans during the year was $465,155. However, the benevolent fund also does the service work for the army welfare fund, which is a national defence organization or project. The personnel of the army benevolent fund organization do that work for them, and in that particular field they made loans to servicemen amounting to $277,754 and grants to servicemen amounting to $100,573. In their yearly operation, therefore, they gave direct financial assistance totalling $843,482; that is, they had operations involving that amount. I find that the figure I gave as to the cost of operation was not correct. It was $67,793.

Item agreed to.

513. Grant to Canadian Legion, $9,000.

Mr. Regier: What is the annual income of the organization called the Canadian Legion to which we pay a grant of $9,000 a year? What I should like to know is how much is the annual income of the Canadian Legion, to which we pay a grant of $9,000.

Mr. Lapointe: The Canadian Legion, as my hon. friend knows, is definitely not a part of the Department of Veterans Affairs, and we have no way of knowing just what their financial statement is. It is given yearly to the members of the Legion and is studied at their conventions. I have seen it at times but I have just not got it. It is not part of my business to do so. The grant to the Legion is paid in order to help defray the cost of their service bureau, which was started some years ago. The original grant was $10,000, and it was reduced to $9,000 in the thirties. The purpose of the grant is to help the Legion to defray the cost of the service bureau where they do considerable work which otherwise might have to be done by the Department of Veterans Affairs. That part of their operation is audited by our department treasury officers, and I can assure my hon. friend that the expenses of the Canadian Legion service bureau are considerably higher than the grant which is made by the department.

Mr. Regier: I wonder whether the minister could give us some more details as to what services the service bureau offers. I listened carefully to the minister, and I am not exactly sure as to whether this grant should be $9,000, $900 or $900,000. If it is for a justifiable cause I am sure this house would be willing to endorse $900,000. I feel that the minister's explanation is a little inadequate. I do not know why the grant should be $9,000 rather than $900 or $900,000. Exactly what does the bureau offer?

Mr. Lapointe: Mr. Chairman, the service bureau of the Canadian Legion handles many cases of veterans before the pension commission, and before the war veterans allowance board; it also brings to our notice welfare cases which exist in the various regions of the country and of which they are aware but of which we might not be aware.

As to the specific amount of $9,000, as I mentioned earlier, it was originally $10,000. It was reduced to $9,000 and the Legion has never asked for more. We audit their books and find that the cost of operation of the service bureau is much higher than our grant. I would think possibly one of the reasons they do not want more is that they do not want to be too dependent on the Department of Veterans Affairs.

Item agreed to.

Canadian pension commission—

514. Administration expenses, $2,298,111.

Mr. Blair: I have some questions to ask of the minister with regard to this estimate. The first one applies to the Hong Kong veterans. It is not a very large group. I will go over these questions slowly so that the minister will have time to take them down. It will be recalled that this group had a rather, as I might describe it, different form of service and that they did suffer—if I might use the word—peculiar forms of disability in comparison with those suffered by other servicemen. We have been assured that this group was being closely watched with regard to eye trouble and various other disabilities. If the minister will jot these questions down as I go along, I should be obliged to him.

My first question is this, if the information is obtainable. How many of this group are pensioned at the present time? It is not a very large group. It was a brigade, so it should not be very difficult to get this information in a rough way. My second question will be this. How many of those formerly

pensioned are now deceased? I am trying to get some idea of the mortality of that group. My third question will be—

Mr. Lapointe: I am sorry, but I did not hear my hon. friend's first question.

Mr. Blair: How many of those formerly pensioned are now deceased? My third question is this. How many of those at present living have had increases in their pensions? My fourth question is, how many have had their pensions decreased? While the minister is going over those questions, I have another one to ask. While it may not apply directly to the Department of Veterans Affairs, nevertheless I think some information could be derived which would be useful.

I refer to coronary disease. I am aware that coronary disease is not regarded as pensionable by the Canadian pension commission or by the British commission, though I think there is a pension for aggravation. If this information that I am trying to bring out were available, I think it should be made available to the medical people in general. Are there any statistics available on the number of veterans who have suffered this disability? In a rough way, what has been your experience with it as to the effect of long service or difficult service, undergoing the stress and strain of service, particularly in the first war where men had four years in the trenches under a rather arduous type of service? Has it been shown from the statistics of the Department of Veterans Affairs that this service had any effect on the percentage of coronary disease?

Probably that is not quite a fair question to throw at the minister. On the other hand, I think it would be valuable information to have. If it could be worked out even later it would be satisfactory. If a study could be made of the matter it might help out in an attempt to solve the problem of the effect of stress as far as this disease is concerned. If that latter information is not available, possibly the minister could give me information on the first four questions with respect to the Hong Kong group, so far as he is able to do so from the statistics at hand.

Mr. Lapointe: I very much regret to say this but I am afraid I cannot give any detailed information on this matter.

Mr. Blair: What has been the experience?

Mr. Lapointe: I refer to the Hong Kong veterans. We have not here any figures which would sort out the Hong Kong pensioners as compared with other veterans. I can tell my hon. friend that about 95 per cent of them are pensioned or have entitlement. Of that fact I am aware. Most of them are high disability pensioners. We have followed very closely that type of pensioner in our hospitals and treatment services. I refer to the Hong Kong veterans. Because of the particular maltreatment they underwent over there, a Hong Kong veteran will come into a hospital and it is understood he can be examined at any time for his condition. He receives what you might practically call special treatment because of the particular circumstances of the service performed. I shall endeavour to get those figures.

Mr. Blair: I thank the minister.

Mr. Lapointe: I shall be pleased to let my hon. friend have them. As to the other questions he asked, I think the matter would more properly come under treatment services. I know that at the present time some research work is being done on coronary disease in connection with veterans, particularly older veterans. I am afraid I am not an expert in the medical field, and I could not give any details about that matter. However, I shall certainly see to it that the hon. member is made familiar with any developments that we have found in that field.

Mr. Blair: I thank the minister.

Item agreed to.

515. Pensions for disability and death, including pensions granted under the authority of the civilian government employees (war) compensation order, P.C. 45/8848 of November 22, 1944, which shall be subject to the Pension Act; and including Newfoundland special awards, $132,769,300.

Mr. Harkness: So far the minister has not said anything with regard to the case of Stanley Hepworth to which I referred this afternoon. I think it is important, from two points of view, that something definite be done with regard to this case and others of the same nature. I think it is important first of all from the point of view of the reputation of the Department of Veterans Affairs itself, and second from the point of view of the general morale of the Canadian militia and the matter of getting recruits. When you have the situation of a man who served five years overseas and proved his mettle by winning the Military Medal; who served six years in the militia and had an extraordinarily good record; who obeyed the orders of his commanding officer to turn out on a parade and who, as a result of turning out on the parade, lost his life; and when really because of a technicality based on a mischance when he lost his life his widow has been turned down for pension, I think you have a situation which calls into question in the minds of a large number of people the claims which we have heard that our veterans' legislation is

the best in the world. It also discourages people from joining the militia or continuing in the militia.

It seems to me it is just not good enough to leave the situation as it is. This one case which I have mentioned happens to illustrate the matter particularly well, but there have been other cases of the same kind. It is not good enough to leave the situation where it stands. I think the minister owes it to his own department and to the defence department as well as to this house to make some kind of statement in regard to this particular section 13 (2), I believe it is, of the Pension Act, as to what can be done in order to correct what I think is a very unfortunate state of affairs in regard to this particular case as well as cases generally along this line.

Mr. Lapointe: This case which my hon. friend mentioned, Mr. Chairman, is one which would come under section 13 (2) of the Pension Act. This is the section which makes provision in respect of military service in peacetime, whether in the regular service or in the militia. It differs in certain respects from service in wartime, but I do not think I need to go into that; he is quite familiar with it.

In the case which the hon. member mentioned this afternoon, I did have a few heated words with the hon. member for Prince Albert, but I think that was mostly the result of a misunderstanding on both our parts. The facts have to be put before the commission. Now, the facts as they were put before the members of the committee by the hon. member I would say were very well put forward. It is impossible for me to pass any judgment on the decision that was rendered without being able to see whether those facts were actually put before the commission. It does happen quite often that on the initial hearing all the facts which would justify the commission in making an award are not put forward. I take it from what my hon. friend said this afternoon that this was the first hearing.

Mr. Harkness: The second hearing is over.

Mr. Lapointe: At any rate, I think he will understand how difficult it is for me to pass any judgment on the case without being able to see the facts that were put forward. In any event, it would be out of order for me to make any remarks about a decision rendered by the pension commission, which is a completely autonomous body where the minister has no discretion whatever to interfere.

But it does present a problem. I have been informed by the commission that fortunately most of these cases that are brought forward are quite clear-cut. But there are some that are marginal cases, and it is very difficult for people to decide whether a man was or was not on duty. I know of a couple of such cases that have come to my knowledge. As a matter of fact in these cases, the services, particularly in the last year or two, have been most helpful. The chairman and members of the commission have explained to the services how they must protect the interests of their own men by making it clear whether or not the man was on duty. I have known of cases myself in which the adjutant general or the A.A.G., have come up and explained the circumstances of service under which the accident took place, and favourable decisions have been rendered.

Following the consideration of the estimates last year I looked into this particular section. I do not know how the section can be changed unless the principle which exists now is departed from altogether. I do not know how the mere wording of the section could be changed to achieve the purpose which my hon. friend has in mind, because it is a question of the interpretation of the facts by the commission. We may think at times they are wrongly interpreted. Of course one is free to form one's judgment on the matter, but the wording of the section is correct so far as I can see and does afford the protection it was intended to give to those serving members. I would think that the case which my hon. friend has mentioned is possibly a marginal case, and I think it would be very proper for the person concerned to appeal the case.

Mr. Harkness: I do not believe this is a case, as the minister has indicated, where the facts have not been put forward. I think the facts have been put forward. The difficulty is, as I said, that the decision has been made really on a technicality. It was founded on a mischance. In other words the army transport which was supposed to be provided for the members of this unit to go to this parade had a breakdown. As a result it did not appear and the senior officer on the spot gave instructions or orders that the men who were there would then go in private cars. There happened to be a sufficient number of private cars there owned by these people. They went in those private cars and this man was killed in a private car returning from the parade. Because it was a private car and not a military vehicle and was not on a per diem or mileage basis, the application for pension has been turned down. Really it amounts to that.

In other words, as I say, it is a technicality based on a mischance. I believe that is the sort of thing that it should be within our capability and within the capability of the department to overcome, to ensure that an injustice is not done. This unfortunate set of circumstances technically left the case outside the provisions of the Pension Act. Really all I am asking is that the minister and the government look into this and if it is necessary pass an order in council or do something else to overcome that particular difficulty.

Mr. Churchill: This is the section 13, subsection 2 which has been causing so much difficulty for a number of years. The answer the minister gives is that the pension commission is an independent body. We accept that. When an inquiry is made of the pension commission they say they have to conduct their proceedings and make their decisions in accordance with the act. The act can be changed only by parliament, and the person who should introduce such a change is the minister. Last year in the estimates committee he told us that this section 13 subsection 2 was under consideration. He has now reported that it has been considered and he sees no way in which it can be altered.

The hon. member for Calgary North has raised now a very good example of the weakness of the act as it is interpreted by the pension commission. It is only about four years ago that I raised in this house a somewhat similar case affecting a member of the regular forces who lost his life. Again it was section 13, subsection 2 under which the decision was rendered. When the hon. member for Calgary North was talking about this particular instance, naturally my mind went back to the McAulay case that I raised before the appeal board of the pension commission and spoke about in the House of Commons. The people who suffer under these decisions which the pension commission finds it has to make in accordance with the act are the widows and children. Surely that is not the intention of parliament or the Canadian people.

In both these instances, the one raised by the hon. member for Calgary North and the one I raised four years ago, the men had given first class service overseas. In the case to which I referred the man continued in the regular army back home, and in the case referred to by the hon. member for Calgary North the man continued in the militia. Both men gave continuous service in the interests of the Canadian armed forces. In both cases the widows are now left without assistance; in both cases the men were acting under orders, as we see it, and both the hon. member for Calgary North and I have had some military experience. In both cases the pension commission found that these accidents were not directly connected with military service. It just does not make sense to us.

I recall in the McAulay case I was informed by a member of the pension commission that the corporal who later was killed should have refused to obey the order of the sergeant who put in his possession the jeep which he drove. When the hon. member for Prince Albert was talking about the Hepworth case that was mentioned earlier I thought the answer might have been given by some member of the commission to the effect that the men should have refused to obey the order of the major, the second in command of the battalion; that they should have said to him, "Sir, we cannot travel to our destination in civilian cars because if we do that we will not be obeying the rules and regulations".

Subordinate ranks simply cannot take stands like that. They have to obey orders, whether the order is given by a sergeant to a corporal, by a major to a lieutenant or by men of other ranks. To people who have served it is just nonsense to suggest that junior ranks can resist orders given by people senior to them.

I think, Mr. Chairman, that section 13(2) will have to be reconsidered by the minister. As the hon. member for Prince Albert mentioned, the Department of Justice might very well be called in to give some advice on the matter, which is becoming a serious problem.

Last year in the estimates committee I asked the chairman of the pensions commission for some figures with regard to the number of applications to the pension commission by former members of the regular forces under section 13(2). He gave figures for a 5-year period from January, 1950, to March, 1955, and these appear at page 578 of the proceedings of the special committee on estimates of last year. In that 5-year period 6,952 cases came before the commission either on first or second hearing or on appeal, and 89 per cent were rejected. That is a very high rejection figure, and all those rejections were under section 13(2).

I submit, Mr. Chairman, that much more serious consideration must be given to this matter. It is intolerable that the burden of these accidental deaths should fall upon the completely innocent widows and children. It must be remembered that the wives permit their husbands to take part in these military activities, and the army and other service authorities urge the married women to permit their husbands to spend two or three nights a week in militia training of this sort. In the regular forces there is a considerable

amount of encouragement given to the married women in order to have their husbands remain in the services.

There is quite a bit of attention paid to the attitude of the women in this connection until the husband is killed in what those of us who have served and others think is the course of his duty; then the Department of National Defence and the Department of Veterans Affairs say, "There is nothing we can do about it under section 13(2). This accident did not arise out of service". They say to the widow, "Although for several years your husband served his country gallantly in war and in peace, we are sorry but we cannot do anything for you now. You may have children. Well, that is not our responsibility, and you must go somewhere else."

I do not think we can much longer tolerate that state of affairs under legislation which is so frequently described here as the best veterans' charter in the world, and so on. If things of this nature continue to be permitted it must certainly be revised if it is to become the best in the world.

Mr. Hansell: Mr. Chairman, the minister was in his seat when I spoke this afternoon, and I believe he gave his usual attention to what I had to say. I wonder if now that this particular item is before us he would care to comment on whether or not we can expect pensions to be awarded regardless of pre-enlistment disabilities?

I pointed out this afternoon that any cases I had taken up with the department showed that a substantial number of pension applications were turned down by reason of the department discovering that whatever was wrong was caused by a pre-enlistment condition. At the same time, when the veteran was recruited and joined the forces he was given an A-1 classification. I wish the minister would comment on that. I realize there has been some improvement in the act over the years, but I believe that when one is taken into the forces and given an A-1 classification it should stand for all time.

Perhaps when the minister speaks he will not be able to give us the statistical answer to this question, but I would like to add a question to those which have been asked by the hon. member for Lanark. How many pension applications, let us say during the last year, were turned down on account of a condition of pre-enlistment origin, and what percentage would that be of the total number of applications that were turned down?

Mr. Lapointe: Well, Mr. Chairman, I am afraid I could not give the hon. member at this time the exact number of applications that were turned down on that specific basis. The question of pre-enlistment condition is dealt with in section 13, subsection 1 (c) of the act. The principle is that no deduction is ever made in the award because of a pre-enlistment condition where there has been service in a theatre of war, unless prior to enlistment the condition was obvious or recorded on medical examination.

The meaning of the words "recorded on medical examination" appears in section 2, subsection (u) of the Pension Act. That is a definition that was inserted in 1948 at the suggestion of the members of the veterans affairs committee. In order to understand this section properly, one should read the definition of the words "recorded on medical examination prior to enlistment". Subsection (u) reads as follows:

> (u) "recorded on medical examination prior to enlistment" includes recorded symptoms or findings in,
>
> (i) medical proceedings for enlistment,
> (ii) official documentation covering any former period of service,
> (iii) the files of the department,
> (iv) compensation board or insurance company records, and
> (v) the records of a hospital, private physician or other medical authority,
>
> where such record refers to the injury or disease resulting in the disability in respect of which the application for pension is made;

As my hon. friend says, this covers considerable ground. It is quite true that some members of the forces—I understand that this occurred more often during the first war than during the second war—were accepted as being in good physical condition and after being discharged from the service developed certain conditions for which a claim for pension was made. When the commission goes back into the army records, it might be found that a man had been hospitalized in 1942 or 1943 for a certain condition. Then going back into hospital records, they might find that, on being questioned as to his medical history upon entering hospital, he had said that when 10 or 15 years of age he had been hospitalized for a certain condition. The commission might get in touch with the doctor who had looked after him at that particular time. The man might not be familiar with what had happened, but when the doctor was contacted it might be discovered that the condition for which the man was claiming was pre-enlistment. This information would not be withheld wilfully by the man when enlisting, as he might not be aware of this condition, but the commission would find that as part of his medical record, and under the statute it could do nothing but take it into consideration.

Mr. Hansell: Is the examination covered by the section to which the minister has referred the examination given on enlistment, or is that the examination given after

it is discovered that something is wrong with the man? I cannot quite understand how that section could apply to an enlistment. A man might get a clean bill of health upon enlistment. As the minister has said, this is a pretty definite section. If the medical examiners followed the provisions of that section they would surely find that something was wrong.

Mr. Lapointe: I can assure my hon. friend that if the examinations made prior to enlistment were as thorough as we would like to believe they were, the commission would be saved a lot of trouble. The medical examination referred to is the one prior to enlistment. The man is examined before enlistment and is not enlisted until that examination has been held. As I mentioned, the definition in the act permits the commission to examine any medical records relating to the period before enlistment. If the commission does find evidence of a medical character which is related to the condition for which the man is applying for pension, then the commission is obliged to take that into consideration in rendering its decision.

Mr. Regier: Further to what the hon. member for Macleod has said, I should like to pursue this matter a little. I have in my hands the particulars of a case where a man claims that upon enlistment he was found to be in category A. After enlistment he was re-examined four times and always found to be in category A. The man enlisted on May 19, 1941, and left the service on June 3, 1942. He was discharged at that time for medical reasons but was denied full pension benefits because it was claimed that the medical reasons for his discharge had existed prior to enlistment.

I find this a little hard to swallow. We are willing to send a man over the hill, as it were, upon the basis of one medical examination, provided he is declared to be in category A. If we are willing to risk a man's life on the basis of one physical examination he should receive the proper consideration. Former students of mine lost their lives after having had only one medical examination, yet here is a case where a man was declared five times to be in category A.

I notice that in replying to the hon. member for Macleod the minister qualified his statement by saying that a pension decision was partly dependent upon where the service had been. I think that is a most despicable arrangement if such an arrangement exists. Once a man volunteers his life on behalf of the nation he should receive equal treatment regardless of the disposition that is made of that man by the armed forces.

I should like to read from the report of the pensions advocate concerning this man, as follows:

> Service documents record treatment for the above noted condition during service. During treatment he stated he had had many colds in his head and pleurisy at eight or nine years of age.

May I just interrupt here. I wonder if this man had asked for exemption from military service on the basis of having had this condition when eight or nine years of age how far he would have got. He would not have got to first base, especially after having five medical examinations which listed him as being in category A. I continue:

> According to specialist's report, on 14-4-42, man gave a history that he saw Dr. Campbell Brown in Vernon, B.C., because of frequent colds in chest with cough. On the record this condition existed pre-enlistment with some aggravation during service, but there is no evidence to show that such aggravation arose out of or was directly connected with military service.

I must interrupt to say again that this man was found to be in category A in five examinations. I continue with the report:

> The commission rules chronic bronchitis and bronchiectasis pre-enlistment condition, aggravated during service in Canada but not pensionable under section 11 (2) as the aggravation did not arise out of nor was it directly connected with military service.

I feel the minister must agree that this is a most niggardly attitude to take when we are willing to shove men over the hill upon the basis of one report which lists them in category A; yet when after five listings in A category these men are thrown out of the service, even against their will, and declared medically unfit and they apply for a pension, we say, "We have now discovered, because of the statement the man made in all honesty at the time of his enlistment, that he had a cold when he was a child, and we therefore find that the disability is of pre-enlistment origin." I think that is disgraceful.

Mr. McCullough (Moose Mountain): I feel I must rise to join with others who are discussing the situation of veterans who, after entering military service and getting a clean bill of health, then have disabilities and find, perhaps after demobilization or discharge, that they are not eligible for pension. It is not my intention at this time to go fully into the case I have had before the department for some three years, but I feel that since other hon. members have spoken on this very issue, I too must make mention of it.

In the case of the veteran of whom I am speaking, he was examined by six specialists of the department on enlistment. He was a first war veteran, having served some three and a half years, and he enlisted for second war service. His category on enlistment for

second war service was A1; he came out P5. He was not demobilized but discharged with the lowest possible category. As I understand it, the terms of the veterans' act are that a veteran is entitled on discharge to be boarded for a medical examination. This man was not boarded for a medical examination, and the determination of his disabilities was not made until 1949. When they were found it was established that he had a heart condition. I have a letter, which is before the department, confirming that he at least feels that his disability was due to service, and the symptoms were those he was boarded for health reasons during his service.

In spite of the fact that many of us bring veterans' cases before the department in which we obtain good consideration and fair and just settlements, it seems to me that in this particular case, where a veteran has served with distinction and has come out with such a low category and there is an establishment of a severe disability, it is up to the pension commission to grant such a veteran some reasonable pension. I want to say to the minister that I intend to fight this case until I get some pension for him that will be in conformity with his service and his disability.

I do not think we can be satisfied with a situation in which a man, having served his country for 10½ years, should be treated in such a way. He was not demobilized but was discharged. As a matter of fact this particular veteran was kept on the staff here in Ottawa for six months after demobilization because the department could not do without his services. To turn him out and to leave the onus of proof on him is completely incompatible with the act, I think, and certainly with simple justice. So I just want to inform the minister that I hope in the near future there will be an easement on the part of the pension commission so the veterans in these cases coming before them will not have the onus of proof put on their shoulders when they cannot establish the exact date when their disabilities occurred. If the veteran has five or six medicals on enlistment, comes out in a P5 category, and is discharged on that account, surely he should be entitled to a decent pension.

So I hope we members of the opposition will not have to get up again and plead with the minister of this department for an easement and an adjustment on behalf of these servicemen. I hope we shall have some justice and that they will receive pensions when they come out with such a low category.

Mr. Blair: I remember very well when the clause the minister read to the house was before the veterans committee, and I think I took some part on the debate on that clause. It was a very difficult thing to decide at that time on account of the medical records that were kept during the first world war. Even with the better records and conditions in the second world war, in so far as medical examinations were concerned, it is still a cause of worry in many cases. We have had two specimen cases described tonight.

There is another clause in the pensions act dealing with the benefit of the doubt. I wonder whether that clause would not apply to the case mentioned by the previous speaker. This states that the onus is not on the man to prove his condition; he is given the benefit of the doubt. I do not know anything about the case cited by the second last speaker, concerning the boy with colds.

Mr. Regier: He should be given the benefit of the doubt.

Mr. Blair: It seems to me that it would be flimsy evidence for the board to accept, that at eight years of age he was subject to colds. Surely the man should receive the benefit of the doubt. I do not think any medical man could ascribe a condition where a man of say 21 was passed fit, as this man was four times, as the hon. member said, and then go away back into his childhood days and make a statement, as he made, that at eight years of age he was subject to colds. There must be something more than that. I would be most surprised if such a condition existed, and I would be further surprised if that situation existed, bearing in mind this clause of the act which was very carefully gone over by the veterans committee that wrote the veterans' charter. That committee did the very best it could with the matter of pre-enlistment disability.

Then there was the second clause brought in some time later, the clause which states that the man must receive the benefit of the doubt. I do not know anything about the case cited concerning the boy who got the colds, but I think the benefit of the doubt clause would apply. I do not see how the commission could arrive at their decision on evidence that the boy got a cold when he was eight years old; it is positively ridiculous.

What concerns me, having had some part in framing the first part of the legislation, is that that should be fitted in with the other clause in the Pension Act known as the benefit of the doubt clause. I think that should be carefully watched. There may be a tendency to go by that benefit of the doubt clause without looking properly into the history of the matter.

Mr. Regier: Might I assure the hon. member for Lanark that what I read was from the official record, and every word of it was taken from the official record, the report in which it was clearly stated that they accepted the man's statement he had made as to his condition when he was eight or nine years old. This was a man who enlisted in good faith as a result of some of our advertising.

Mr. Quelch: I suppose the question of disabilities of pre-enlistment origin has received more consideration by veterans committees in the past than any other single question, and various changes have been made. I recall that when we struck out the words "wilfully concealed" we hoped that would take care of many of the cases that had been disallowed. It has been emphasized time and again in veterans committees that the full benefit of the doubt should be given the veteran. I remember that the last time a change was made we were told that a very careful watch would be kept of all cases, and that if it were found that the amendments to the act were not giving general satisfaction consideration would then be given to further changes.

In view of the fact that the Legion is once again bringing up this question quite strongly, and in view of the cases they put before the committee two years ago, I think it was, it does look as though further consideration should be given to this question.

Personally I do not believe there will ever be general satisfaction until such time as the government recognizes that a soldier's condition as recorded on his medical sheet at the time of enlistment is his true condition, and that therefore any deterioration from that condition should be pensionable.

Item agreed to.

Soldier Settlement and Veterans' Land Act—

517. To provide for the cost of administration of Veterans' Land Act; soldier settlement and British family settlement, $4,852,880.

Mr. Thomas: Mr. Chairman, I believe it was two years ago that the Minister of Veterans Affairs gave us quite a detailed report on the Veterans' Land Act, at which time he said that payments on loans to veterans under the act were going ahead very well, that there was very little delinquency, and that as a whole the act was working out very well. In view of the general decline in the position of farmers in the west and the decline in farm income over the last two or three years, I wonder whether the minister would give us a report on the condition of the accounts, whether or not there is any increase in delinquency with respect to those accounts, how many of the soldier settlers are in arrears, and the total amount of arrears. At the same time maybe he would check and let us know how many of the old soldier settler accounts are still outstanding and by how much, and how many have had to give up their land as the result of the debt.

Mr. Lapointe: With regard to my hon. friend's first question, I can assure him that the collection picture under the Veterans' Land Act continues to be very good indeed. As of July 1, 1956, out of 30,891 full-time farmers and commercial fishermen only 908 were in arrears of over $200, and out of 31,824 small holders settled under the Veterans' Land Act only 40 were in arrears of more than $100. Therefore the collection picture has continued to be very good indeed.

With regard to soldier settlers' accounts which have been subject to debt reduction the picture is as follows. As of October 31, 1948, there were 2,637 active soldier settler accounts with a total debt of $2,842,534.30. As of today there are 69 active accounts left with a total debt of $41,818.26, the average debt being $606.06. Of those 69 accounts 35 have not been adjusted at this date and the remainder are repaying the reduced indebtedness on a time basis.

Mr. Regier: How many accounts are there altogether?

Mr. Lapointe: There are 69 active accounts left. The first figure I gave was the number of active accounts when we started the debt reduction program in 1948. At that time there were 2,637 active accounts. Now there are only 69 left.

Mr. Quelch: Can the minister say whether any full-time farmers under the Veterans' Land Act have had to give up their land on account of failure to repay?

Mr. Lapointe: There have been 140 full-time farmers and small holders who have given up their lands because of the impossibility of meeting payments, out of a total of 70,237 settled.

Mr. Cameron (Nanaimo): There is a matter with regard to V.L.A. small holdings which I should like to take up. I have written to the minister about it in the past. I am speaking now of my own district on Vancouver island, and I refer to the position in which small holders find themselves due to the very rapid expansion of the urban areas of towns such as Nanaimo. At the close of the war quite a number of settlers were settled under the Veterans' Land Act on the outskirts of Nanaimo. Since that time the municipal boundaries have been extended and the provincial government has put a new highway

through one area in which a number of these holdings are situated. In one instance I know that the provincial government in putting the new highway through expropriated part of the V.L.A. holding of one man, rendering it of no great value for the purpose for which it was originally intended, but as a matter of fact adding value to it for another purpose which would have been, if he had been able, to subdivide the property and sell it. He could have done very well out of it.

In another case I know of the man has no ambition at all to do that with his property, but he would like to move into the sort of low taxation area in which he had originally been established but which has now become a high taxation area; and with the rapid expansion there the element of taxation is going to be increasingly important. Many of these men are finding themselves on properties that are now assessed so high and taxed so high that they are moved out of the category of the original intent of the V.L.A. small holding.

I wonder whether the minister can tell us what provisions are being made by the department to enable men in such cases to dispose of their property or part of it, or turn it back to the department with a return of what they have invested and the retention of their rights to areas outside. There may have been some change in the administrative practice or the regulations. I should like the minister to tell me if he has had to do anything about these cases.

Mr. Lapointe: Yes, Mr. Chairman. We have had some of these cases, and where it has been possible we have permitted the veteran who was settled to sell his property and we have settled him again on another property in a lower taxation area. That has been done in my hon. friend's part of the country. If the settler has not earned his conditional grant already; that is, if he has not been on his property for 10 years, he cannot do it; of course, if he has been on the property for 10 years he has earned his conditional grant and can obtain title and sell out.

Mr. Cameron (Nanaimo): Is it not true that if they sell they must be able to find a cash customer?

Mr. Lapointe: That is correct; they must find a cash customer. But if the property has really increased in value and is in an area where because of this increase in value, the taxation rate has become too high, our experience has been that the settler does not meet great difficulty in finding someone who will pay cash for the property.

Mr. Cameron (Nanaimo): I do not know that I agree with the minister, because the very fact that it has increased in value in many instances makes it more difficult to find a cash customer, whereas there are opportunities to sell it on terms.

Mr. Lapointe: As a rule the purchaser can finance. He will pay cash and, of course, he will have to finance with a mortgage of his own afterwards. That is easily arranged.

Mr. Regier: I am very pleased indeed to hear from the minister that the veterans are the most reliable credit customers we have in Canada. I think he would agree that in relation to the vast number concerned, almost all of them are meeting their commitments on the due dates. I believe he mentioned some 40 or so out of 31,000 who were in arrears. I think that is something really worthy of note in Canada and even in Canadian credit circles.

I also noticed that in reply to the hon. member for Acadia he mentioned that even today there were some veterans of the first world war who were owing money on their properties. I think 99·9 per cent of the people of Canada would be most happy to see the minister this year, not next year, introduce a bill into this House of Commons that would wipe out this balance owing by these senior citizens and senior veterans of our country. However, my main reason for rising at this time is to ask the minister whether any consideration has been given to raising the amount of the loan that it is permissible to be granted to the veterans of the recent world war on the purchase of small holdings.

In my riding the cost of small holdings consists mainly of the cost of the home. Whereas several years ago $8,400 may have supplied the veteran with an adequate home, that is not the situation today. I might at this time pay my compliments to the civil servants in this branch of the minister's department. I think many of the finest homes were built by veterans at that time for that money. However, has any consideration been given to the greatly increased cost of the land and also of the buildings since that time? I hate to see these two by four buildings going up. For $8,400 nowadays in my riding you cannot put up a home that is worthy of erection, one that will be a credit to Canada and that will be in line with what the veteran deserves. It costs us at least $10 a square foot to put up even the most modest of homes. I feel that we have had enough of these small homes built in Canada. Most of these veterans' families have now reached an age where they need larger homes.

I am wondering whether any consideration has been given, during the last year or so,

to raising this ceiling from $8,400 to, say, $12,000, $13,000 or $14,000? If a veteran wants to take advantage of the veterans' legislation I see no reason why he should be obliged to build an $8,000 home when other Canadian citizens, taking advantage of the provisions of the National Housing Act guaranteed loans, can move into $13,000, $14,000 and $15,000 homes. Has any consideration been given to raising the ceiling?

Mr. Lapointe: The ceiling was raised last year when the act was amended, and part III was introduced to permit an additional loan which brought the figure to what my hon. friend has mentioned. That was done last session.

Mr. Regier: Might I ask the minister this question. Does that apply to the veteran in the urban areas? Is he now able to obtain a $12,000 loan for the building of a home?

Mr. Lapointe: I do not know where my hon. friend gets the figure of $12,000. There is no such figure under the Veterans' Land Act, either for full-time farming or for small holdings.

Mr. Regier: May I ask the minister what the ceiling now is for an urban veteran with respect to building a home?

Mr. Lapointe: If he builds under part I of the act, which has to do with settling on a small holding, and if he takes advantage of part III which was brought in last year and which gives him an additional loan, the amount is $8,100 all told. If he takes advantage of part II of the act, which was also introduced last year and which is to permit a veteran contractor to build his own house and finance through the facilities of Central Mortgage and Housing Corporation and the revolving fund which we hold, he must provide himself with a lot valued at $800 or more and then he can get up to $8,000 in the way of assistance.

Mr. Regier: In that case I was in error only on the wrong side of the fence. The maximum that the veteran can obtain apparently is $8,100. I must again emphasize the fact that in an urban area in British Columbia $8,100 is most inadequate and is most out of line with present day building costs, even though the lot were given to the veteran.

I feel it is high time that the veteran was able to take advantage of the veterans' legislation. In the lower mainland of British Columbia we have thousands of veterans who are buying N.H.A. guaranteed homes simply because they find themselves unable to build homes that meet their needs under the veterans' legislation. I feel that all veterans should receive some help out of this legislation, and that it should not be limited only to the rural veteran who wants to buy a farm.

Item agreed to.

DEPARTMENT OF NORTHERN AFFAIRS AND NATIONAL RESOURCES

209. Departmental administration, $510,190.

Hon. Jean Lesage (Minister of Northern Affairs and National Resources): Mr. Chairman, the Department of Northern Affairs and National Resources includes five branches that deal with widely divergent subjects. The national parks branch administers the national parks of Canada, the national historic parks and historic sites, the Canadian wildlife service and the national museum. The water resources branch is responsible for the federal aspects of water resource questions in Canada. The northern administration and lands branch handles the administration of the Northwest Territories and the Yukon Territory in all its aspects. It is responsible for the administration of Eskimo affairs and also for a great many land problems including the natural resources of the two territories. The forestry branch deals with forest research, forest products research, and forestry management, including agreements with the provinces on forest inventories and reforestation. The Canadian government travel bureau deals with travel promotion and the tourist industry in so far as they are of concern to the federal government.

With this great variety of operations I do not think it would be desirable for me to try to give a comprehensive survey of the work of the department in detail at this time. Such a survey was given when the estimates of my department were before the committee on estimates during last session, and many hon. members will be familiar with the discussion at that time. In all the circumstances I think it may be more satisfactory to deal with a few of the highlights of departmental operations as reflected in the estimates for the coming year. I would wish also to outline in some detail the policy of the department with regard to national parks. When each individual branch is under consideration I shall, of course, be very happy to deal in detail with particular aspects of the work in which any hon. members might be interested.

A principal point of interest in the estimates of any department is always the extent of and the reasons for any major changes from the preceding year. For 1956-57 the estimates of the Department of Northern Affairs and National Resources show an increase of $5,918,662 in the main estimates, plus an additional $3,084,078 in the supplementary

estimates. This makes a total increase of $9,002,740. The increase, as a percentage of the estimates for 1955-56 is quite substantial, approximately 30 per cent. It is my hope that the house will feel that this increase is entirely justified, in fact I would venture to say more than justified, because of the reasons that lie behind the increases where they occur. The actual increases are in fact concentrated in a very few major aspects of operation, and these aspects reflect the places in which the government feels that substantial increases in activity are necessary.

The largest single increase is in the appropriation for the construction of trunk highways and bridges in the national parks. This increase amounts to $4,687,450, including the main and supplementary estimates. There are over 500 miles of main highways in the various national parks. This does not include those portions of the trans-Canada highway that are in the parks, nor does it include minor roads and trails.

These main highways include such important roads as the Banff-Jasper highway; the Banff-Windermere highway; the highways north and south through Prince Albert national park and Riding Mountain national park; the highway connecting with the provincial highways in Fundy national park; the Cabot trail in Cape Breton Highlands national park; and the Ocean View highway in Prince Edward Island national park.

The traffic on these roads has been increasing very markedly in the last few years. The extent and rate of the increase in traffic has now gone far beyond the standards to which most of these highways were built. In virtually all cases extensive or complete reconstruction is becoming necessary. I might also mention that we have found, particularly in the mountain parks, that it is very poor economy to build roads that are below the standard that is required for the wear and tear that the traffic imposes on them. The government, accordingly, has approved a six-year program for the reconstruction of the major park roads.

The total program over the six years will, it is presently estimated, amount to over $60 million. The increase in 1956-57 represents the first instalment of this new program. It includes major construction activity on the Banff-Windermere highway; the Banff-Jasper highway, the Cabot trail, and the Ocean View highway. The program in succeeding years will, on the average, be somewhat greater than the level indicated in this year's estimates.

Other capital items in the parks constitute an increase of $849,118. Accordingly, of the total departmental increase I have mentioned, no less than $5,529,568 is made up by construction and other capital items in the national parks.

The next largest item of increase also reflects an expansion of activity as a result of decisions of policy. This increase is in capital items in the north. One of the major requirements in the Northwest Territories is to provide the kind of educational facilities that will equip the Indian and Eskimo children there for the change that is now taking place at an increasingly rapid rate from their native hunting and trapping economy to an economy based on our way of life. This is not a change, at least in the rate it is taking place, that has been particularly sought or worked for at this time. I dealt in more detail with this matter in the statement on education policy that I made before the committee on estimates last year and I do not propose, Mr. Chairman, to go into it at length now.

I might say, however, that the present change is a change that is inevitable because of two interrelated forces. One is the very great increase in economic, defence and other activity in the north that is bringing our way of life inevitably into contact with the native way of life. The other is the fact that the hunting and trapping economy is rapidly becoming less capable of supporting the increasing population. Unless a very serious human problem is to be faced in a few years, extensive education and training of the native people to face a new form of life is urgently required. The largest single increase in northern administration is to provide educational facilities, housing and related administrative facilities in the Northwest Territories. It amounts to $1,821,565, of which educational facilities alone form by far the largest part.

The other substantial aspect of increase in northern administration reflects the policy of the government to stimulate and encourage economic development in the north. The increase for the construction of roads and bridges amounts to $441,830. The increase in funds provided for the construction of the new Aklavik as a centre for administration, education, and welfare in the far north, amounts to $1,013,650. These three capital figures are subject to an adjustment downward of $1 million, which was the original estimate of likely short-fall in northern operations, and which has been partly restored in the supplementary estimates. The net result is that the increase of a capital character in our northern administration amounts in total, including the main and supplementary estimates, to $2,277,045.

As hon. members will see from what I have said, the total departmental increase is made

up to the extent of $7,806,613 by capital items in the national parks and the two northern territories.

The other substantial increase in the departmental appropriations again reflects a capital item. For a number of years the government has been providing an annual grant to the pulp and paper research institute to assist in the financing of research that is of value to this very important part of the Canadian forest industry. As was announced some months ago, it has now been agreed with the institute that it would be preferable for the government to provide a building of the most modern and efficient character in which research can be carried on and to discontinue the annual grants. There is, therefore, in the estimates an amount of $1,075,000 for a new laboratory to be constructed in Montreal. The total costs of the lab with equipment, to be financed by the federal government, will amount to $2,250,000 over a two-year period.

I think the above summary sets forth virtually all the substantial increases in the appropriations that are now being sought. The capital figures I have mentioned account for increases of $8,881,613. There are minor increases and some decreases in other places which bring the total departmental increase to the figure I gave at the beginning of my remarks, $9,002,740.

There is one other highlight of departmental activity that I should like to mention. As hon. members are aware, water problems have for some time been of concern in the province of Manitoba. As a result of discussions with Premier Campbell, I signed an agreement with him on July 5 for the establishment of a lakes Winnipeg and Manitoba board. The board will consist of representatives of the province and of the federal government, and its duties will be to—and I quote from the agreement—

> . . . plan, supervise and carry out a study of lakes Winnipeg and Manitoba and the resources of water within Manitoba flowing into and from those lakes.

It is to report on:

> . . . what further developments and controls of these water resources in its judgment would appear to be physically practicable with particular reference to (a) flood control; and (b) hydroelectric power.

The federal government and the province are sharing equally in the cost of the survey and report.

Mr. Chairman, as I said at the beginning of my remarks I had intended to go on for some time in outlining the policy of the department regarding national parks, but since it is two minutes before ten o'clock I might call it ten o'clock at this time.

Item stands.

Progress reported.

Resolutions adopted in committee of supply this day reported and concurred in.

BUSINESS OF THE HOUSE

Mr. Harris: Mr. Speaker, we are going to take agriculture tomorrow.

Mr. Fleming: Is the minister in a position to announce the program for Monday and Tuesday?

Mr. Harris: I thought I had it settled earlier today, sir, but I received indications late this afternoon that it might not be possible to follow the plans we had in mind.

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

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

DOMINION-PROVINCIAL SEED GRAIN LIENS

Question No. 532—**Mr. Wylie:**

1. What is the total amount of principal and interest outstanding on the old dominion-provincial seed grain liens in each of the following provinces: Alberta, Saskatchewan, Manitoba?

2. What is the amount of principal and interest, by provinces, that has been collected from November 1, 1935, to the present?

Answer by: **Hon. Jean Lesage (Minister of Northern Affairs and National Resources):**

1. The amounts of principal and interest outstanding on June 29, 1956, are as follows:

Federal liens	Principal	Interest	Total
Manitoba	Nil	Nil	Nil
Saskatchewan	$202,668.17	$422,864.60	$625,532.77
Alberta	36,680.67	69,615.54	106,296.21
Total	$239,348.84	$492,480.14	$731,828.98

Federal share of joint provincial and federal liens

Manitoba	Nil	Nil	Nil
Saskatchewan	$263,980.96	$497,083.67	$ 761,064.63
Alberta	94,647.21	167,512.08	262,159.29
Total	358,628.17	$664,595.75	$1,023,223.92

2. The following amounts of principal and interest collected from November 1, 1935, to June 29, 1956, are as follows:

Federal liens	Principal	Interest	Total
Manitoba	Nil	Nil	Nil
Saskatchewan	$541,555.83	$249,581.26	$791,137.09
Alberta	108,705.27	37,637.71	146,342.98
Total	$650,261.10	$287,218.97	$937,480.07

Federal share of joint provincial and federal liens

Manitoba	Nil	Nil	Nil
Saskatchewan	$ 47,393.04	$13,798.64	$ 61,191.68
Alberta	63,694.57	11,467.71	75,162.28
Total	$111,087.61	$25,266.35	$136,353.96

LOBSTER CATCH, HALIFAX EAST

Question No. 549—**Mr. Balcom:**

What has been the landed value and weight of the lobster catch in Halifax east, January 1 to July 1, 1956?

Answer by: **Hon. James Sinclair (Minister of Fisheries):**

The landed value and weight of the lobster catch in Halifax east, January 1 to May 31,* 1956, are as follows: Landed value, $221,700; weight, 5,610 cwt.

* Figures for June are not yet available.

[The following items were passed in committee of supply]:

DEPARTMENT OF VETERANS AFFAIRS

498. Departmental administration, $2,215,472.
499. District services—administration, $2,821,316.
500. Veterans' welfare services, $3,155,735.

Treatment services—

501. Operation of hospitals and administration, $39,347,750.
502. Medical research and education, $375,000.
503. Hospital construction, improvements, equipment and acquisition of land, $4,534,825.
504. Prosthetic services—supply, manufacture and administration, $1,044,899.
505. Veterans' bureau, $536,714.
506. War veterans allowance board—administration, $142,554.
507. Veterans insurance, $70,650.

War veterans allowances and other benefits—

508. War veterans allowances, $41,192,000.
509. Assistance fund (war veterans allowances), $650,000
510. Treatment and other allowances, $2,782,500.

Miscellaneous payments—

511. To provide for payments to the Last Post fund; for the payment under regulations of funeral and cemetery charges, including the perpetual care of graves where applicable; for the cost and erection of headstones in Canada; for the maintenance of departmental cemeteries; for the maintenance of Canadian battlefields memorials in France and

Belgium and for Canada's share of the expenditures of the imperial war graves commission, $1,393,713.

512. Grant to army benevolent fund, $8,000.

513. Grant to Canadian Legion, $9,000.

Canadian pension commission—

514. Administration expenses, $2,298,111.

515. Pensions for disability and death, including pensions granted under the authority of the civilian government employees (war) compensation order, P.C. 45/8848 of November 22, 1944, which shall be subject to the Pension Act; and including Newfoundland special awards, $132,769,300.

516. Gallantry awards—world war 2 and special force, $21,000.

Soldier Settlement and Veterans' Land Act—

517. To provide for the cost of administration of Veterans' Land Act; soldier settlement and British family settlement, $4,852,880.

518. To provide for the upkeep of property, Veterans' Land Act, including engineering and other investigational planning expenses that do not add tangible value to real property; taxes, insurance and maintenance of public utilities, $65,500.

519. To provide for the payment of grants to veterans settled on provincial lands in accordance with agreements with provincial governments under section 38 of the Veterans' Land Act and payment of grants to veterans settled on dominion lands, in accordance with an agreement with the Minister of Northern Affairs and National Resources under section 38 of the Veterans' Land Act, $250,000.

520. To provide for the payment of grants to Indian veterans settled on Indian reserve lands under section 39 of the Veterans' Land Act, $100,000.

521. To provide for the reduction of indebtedness to the director of soldier settlement of a settler in respect of a property in his possession, the title of which is held by the director, or such soldier settler loans which are administered by the Indian affairs branch of the Department of Citizenship and Immigration, by an amount which will reduce his indebtedness to an amount in keeping with the productive capacity of the property or his ability to repay his indebtedness under regulations approved by the governor in council, $10,000.

522. To authorize and provide, subject to the approval of the governor in council, for necessary remedial work on properties constructed under individual firm price contracts and sold under the Veterans' Land Act to correct defects for which neither the veteran nor the contractor can be held financially responsible and for such other work on other properties as may be required to protect the interest of the director therein, $12,000.

Terminable services—

523. Veterans benefits, including assistance and the training of certain pensioners under regulations approved by the governor in council, $1,912,900.

Soldier Settlement and Veterans' Land Act—

536. To provide for protection of security—soldier settlement, and refunds of surplus to veterans, $9,200.

537. To provide for purchase of land and permanent improvements; cost of permanent improvements to be effected; removal of encumbrances; stock and equipment; and for protection of security under the Veterans' Land Act, $22,584,000.

Miscellaneous payments—

729. To provide for the cost of transportation from their homes to London, England, and return of Victoria Cross holders and certain eligible relatives attending the Victoria Cross centenary in June, 1956, and administrative expenses, $85,000.

Terminable services—

730. To provide for the repayment in such amounts as the Minister of Veterans Affairs determines, not exceeding the whole of an amount equivalent to the compensating adjustment made under subsection (1) of section 13 of the War Service Grants Act or the payment made pursuant to paragraph (c) of subsection (2) of section 12 of the Veterans Rehabilitation Act, where the person who made the compensating adjustment or payment does not receive benefits under the Veterans' Land Act or where, having had financial assistance under that act, he is deemed by the minister on termination of his contract or agreement under that act to have derived thereunder either no benefit or a benefit that is less than the amount of the compensating adjustment or payment made, $190,000.

HOUSE OF COMMONS

Friday, July 13, 1956

The house met at eleven o'clock.

EXTERNAL AFFAIRS

VIET NAM—EFFECT OF REPORTED AGREEMENT BETWEEN RUSSIA AND CAMBODIA

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, may I ask the Secretary of State for External Affairs if he is ready to make a statement concerning developments in the political situation in French Indo-China and if those developments are such as arose out of an agreement signed by Soviet Russia and Cambodia and would be likely to have an effect in prolonging the stay there of the Canadian commission?

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, there have been no recent developments in Indo-China that I know of which would affect one way or another the stay of the commission in that country. I may be making a statement on the general position there when my estimates are under consideration. So far as the agreement between Russia and Cambodia is concerned, the information we have received is that no such agreement has been reached although as a result of the visit of a Cambodian representative to Moscow in the last few weeks it was agreed between the two countries to take steps to increase trade between them. There was no form of political agreement signed as far as we know.

Mr. Fleming: Did the trade agreement involve the acceptance of economic assistance by Cambodia from Soviet Russia?

Mr. Pearson: As far as we are informed, there was no formal agreement, but there were discussions with a view to increasing trade. I understand that in those discussions the Soviet union may have made offers of economic assistance to Cambodia, but I have no information that any such offers have been accepted.

ISRAEL—REQUEST FOR FAVOURABLE CONSIDERATION OF SHIPMENTS OF SABRE AIRCRAFT

On the orders of the day:

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, I wish to direct a question to the Prime Minister. Having regard to the opinion expressed by the Secretary of State for External Affairs that the United States, Great Britain and France would not look unfavourably upon the delivery of fighter aircraft to Israel, and in view of the recognized unbalance created in that area by the delivery of arms from communist countries to Egypt, will the government now give favourable consideration to the request of the government of Israel for the delivery of fighter aircraft to that country?

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, there are still conversations and discussions going on about the possibility of doing something that would not be an exclusively Canadian action in the supply of arms to Israel. These discussions are still in progress.

HOUSE OF COMMONS

CREATION OF PRECEDENTS IN CONNECTION WITH ALLEGED VIOLATION OF RULES

On the orders of the day:

Mr. G. H. Castleden (Yorkton): Mr. Speaker, I should like to ask the Prime Minister if it is the intention of the government to take the necessary action to prevent those violations of the rules of this house which occurred during the pipe-line debate from becoming precedents for similar actions in future parliaments of Canada?

Right Hon. L. S. St. Laurent (Prime Minister): I know of no violations of the rules that would require any action by the government. The rules of the house are usually dealt with by a committee appointed by the house because they are not rules made by the government but rules made by the house itself.

REPORTED ISSUANCE OF INSTRUCTIONS FOR GENERAL ELECTION

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): I should like to direct a question to the Prime Minister. Does the information I have received, that returning officers in the various constituencies have been instructed to do the necessary preliminaries preparatory to an election and that urban enumerators are to be recommended by August 15, indicate that the government is about to comply with the request of the opposition for an early dissolution?

Right Hon. L. S. St. Laurent (Prime Minister): The information contained in the first part of the hon. gentleman's question is not to my knowledge. I have had no

communication with the chief electoral officer and I know of no instructions that have been given to the effect mentioned by the hon. gentleman.

Mr. Diefenbaker: Then I would ask the Prime Minister to communicate with him, because he has given those instructions.

UNEMPLOYMENT INSURANCE

INQUIRY AS TO EXTENSION OF COVERAGE TO FISHERMEN

On the orders of the day:

Mr. C. W. Carter (Burin-Burgeo): Can the Minister of Fisheries inform the house as to what progress is being made by the inter-departmental committee on the question of extending unemployment insurance benefits to fishermen?

Hon. James Sinclair (Minister of Fisheries): Whilst the Department of Fisheries is very much interested in this problem, it is primarily a question for the Minister of Labour to answer.

Hon. Milton F. Gregg (Minister of Labour): That subject has been receiving consideration for quite a long time. The question is now before the government. At the moment I am not in a position to make any further comment than that which I have made in recent months.

ARTS, LETTERS AND SCIENCES

INQUIRY AS TO SETTING UP OF CANADA COUNCIL

On the orders of the day:

Mr. George H. Hees (Broadview): I should like to direct a question to the Prime Minister. Would the Prime Minister care to comment on the statement in a speech yesterday in St. Catharines by Mr. John C. Parkin, president of the Canadian arts council, as reported by the Canadian Press, when he said there are many able men ready to help the federal government set up a body to encourage the arts in Canada and that the Prime Minister made an incorrect appraisal when he said recently in the House of Commons that suitable men to head such an organization are not easily found?

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I hope the statement of the gentleman who spoke in St. Catharines will be borne out by the facts. This matter is still receiving consideration, and we shall be very happy when we can bring a recommendation to parliament to feel assured that we shall have no difficulty in manning the council.

Mr. Hees: Might I ask a supplementary question? Has the Prime Minister been in touch with the president of the Canadian arts council to find out whom they would suggest as a suitable person to act on such a body?

Mr. St. Laurent (Quebec East): No, there has been no communication with that gentleman since the speech in question.

Mr. Hees: Has there been any communication with that gentleman before the speech in question to find out whom he would suggest?

Mr. St. Laurent (Quebec East): Not from me, Mr. Speaker.

Mr. Hees: Has anybody in the government communicated with him?

Mr. St. Laurent (Quebec East): Not to my knowledge, Mr. Speaker.

Mr. Hees: Then might I ask the Prime Minister whether the only people that are asked are Liberals?

Mr. St. Laurent (Quebec East): No, Mr. Speaker.

ATOMIC ENERGY

COMPARATIVE COSTS OF PRODUCTION OF ELECTRIC POWER

On the orders of the day:

Hon. George A. Drew (Leader of the Opposition): I wish to direct a question to the Prime Minister, and I do so more by way of notice than otherwise, in the absence of the Minister of Trade and Commerce. In view of the very dramatic information given by the British representatives at the fifth world power conference at Vienna to the effect that the cost of an atomic power station in relation to the power it produces is now little more than that for a modern steam station, will the government review the situation in the light of that information and consider the possibility of a plan which would make electric power from this source available to parts of Canada that are not served by hydroelectric energy?

Right Hon. L. S. Laurent (Prime Minister): Mr. Speaker, as the hon. gentleman has suggested, I will take this as notice. However, I can say immediately that the government will do everything possible to further the research that is now being carried out in connection with this power plant that is being established here in Canada. If we can ascertain data that will support the optimistic view that power can be produced from that energy at, as the hon. gentleman has suggested, about half of what it costs to produce power from steam otherwise, it will be a very happy development and will certainly stimulate the progress of the industrial development that is taking place

in Canada and make it easier to have it more widespread throughout the country.

Mr. Drew: Mr. Speaker, without in any way attempting to enter into a debate on the subject, I would point out that the statement was accompanied by the declaration that in Britain, as a result of the developments that have taken place there, they are greatly expanding their construction of atomic generated electricity plants. I would hope that with this declaration by official representatives to that effect the government will give consideration to the possibility of the application of the same considerations to our plans in this country in those areas that would be benefited.

Mr. St. Laurent (Quebec East): The government of the United Kingdom and its officials are in constant communication with our government and our officials in respect to all these projects, and I can assure the hon. gentleman that we will be very happy to take full advantage of what can be demonstrated by the work that is now being done in the United Kingdom towards the setting up of electric plants based on atomic energy.

PIPE LINES

NORTHERN ONTARIO PIPE LINE CROWN CORPORATION—APPOINTMENT OF GENERAL MANAGER

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I wish to direct a question to the Minister of Trade and Commerce but in his absence perhaps I might put it to the Prime Minister. Is the government aware that Mr. Victor G. Bartram of Montreal, who a few days ago was named general manager of the Northern Ontario Pipe Line Crown Corporation, was at that time a director of certain companies related by share ownership to Trans-Canada Pipe Lines Limited? Does the Prime Minister know whether Mr. Bartram has resigned any of these directorates? If not, does the government think it appropriate to have as general manager of a crown corporation a gentleman who is interested in the affairs of the private corporation with which the crown corporation will have to deal?

Right Hon. L. S. St. Laurent (Prime Minister): As the hon. gentleman has suggested, what he has stated this morning will receive consideration from the government.

CITIZENSHIP AND IMMIGRATION

INDIAN AFFAIRS—APPLICATION OF METLAKATLA BAND TO BECOME ENFRANCHISED

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): I should like to direct a question to the

Minister of Citizenship and Immigration. What is the present situation with regard to the application of the Metlakatla Indians to become enfranchised? Has any report been received from Mr. Justice Wilson, and is it a fact that the Indians have now expressed the desire not to be enfranchised?

Hon. J. W. Pickersgill (Minister of Citizenship and Immigration): Some little time ago I appointed, as I have a right to do under the Indian Act, a committee headed by Mr. Justice Wilson of the Supreme Court of British Columbia to examine this request for enfranchisement which had come from the council of the Metlakatla band some considerable time ago. The committee is still in existence and up to now had made no report.

ADMINISTRATION OF JUSTICE

ALLEGED DELAY IN APPOINTMENT OF JUDGE FOR BRUCE COUNTY, ONT.

On the orders of the day:

Mr. A. E. Robinson (Bruce): Mr. Speaker, in the absence of the Minister of Justice I wish to direct a question to the house leader, the hon. member for Grey-Bruce. First, what is the reason for the delay in appointing a judge for Bruce county? Second, does he need any assistance in arriving at the appointment of somebody from the local district?

Hon. W. E. Harris (Minister of Finance): Mr. Speaker, I shall draw the hon. member's question to the attention of the Minister of Justice for an answer.

SUPPLY

The house in committee of supply, Mr. Robinson (Simcoe East) in the chair.

DEPARTMENT OF AGRICULTURE

Administration service—

1. Departmental administration (including advisory committee on agricultural services), $670,015.

The Chairman: House again in committee of supply, resolution No. 1, Department of Agriculture. This vote is found at page 4 of the blue book of estimates and the details commence at page 87. Shall the resolution carry?

Mr. Charlton: Mr. Chairman, I make no apology for making a few remarks on this first item after listening to the Minister of Agriculture in the last five or ten minutes of his speech the last day these estimates were before the house. I cannot leave those remarks unanswered without being challenged, although they were challenged by the hon. member for Wentworth on the day they were made. I regret very much that the minister is not more accurate as to the

expenditures of his department now in relation to previous years. I just want to quote what he said as reported in *Hansard* of May 11 at page 3830:

The suggestion that has been made by quite a number that we should be doing something for agriculture is answered by the fact that in the last 20 years we have spent very considerably more on agriculture than was ever spent in any previous 20 years. As a matter of fact we are and have been for a considerable length of time spending ten times as much as was ever spent by any other government, either Liberal or Conservative.

Then a little bit further down the page after an interruption by the hon. member for Wentworth:

In view of the fact that we have been spending that much we are at least attempting to do something for agriculture.

Then further down the page again:

When the Conservatives were in power they did not spend very much on agriculture.

Then in the next column:

Down here in the low left corner of the chart is where the farm income was when the Conservatives were in power, and ever since the Liberals have been in power it has gone constantly right up and up to the top right hand corner of the chart.

Mr. Chairman, I have here some figures in the form of a chart which I should like the consent of the house to place on *Hansard*. They are bureau of statistics figures; they are authentic, I can assure you; and they are the relative expenditures by the Department of Agriculture in comparison with the revenues over the last 25 years. Have I the consent of the committee to place this chart on *Hansard?*

The Chairman: Has the hon. member indicated the source of the table?

Mr. Charlton: The bureau of statistics.

The Chairman: Has the hon. member leave to place this table on *Hansard?*

Some hon. Members: Agreed.

Mr. Charlton: The table is as follows:

FEDERAL GOVERNMENT
EXPENDITURES OF THE DEPARTMENT OF AGRICULTURE
March 31, 1930 to March 31, 1957
(Thousands of dollars)

—	Ordinary	Special	War	Total	Total Revenues of Canada	% of total Revenue	—
					$	%	
1930	10,245	.....	.....	10,245	453,007,129	2·2	30
1931	10,119	.....	.....	10,119	357,720,435	2·8	31
1932	10,211	.....	.....	10,211	334,508,081	3·0	32
1933	8,066	.....	.....	8,066	311,735,286	2·5	33
1934	6,996	.....	.....	6,996	324,660,590	2·1	34
1935	7,107	.....	.....	7,107	361,973,764	1·9	35—
1936	9,399	239	.....	9,638	372,595,996	2·5	36
1937	8,741	1,049	.....	9,790	454,153,747	2·1	37
1938	9,016	1,937	.....	10,953	516,692,749	2·1	38
1939	9,528	3,694	.....	13,222	502,171,354	2·6	39
1940	11,817	3,905	1,376	17,098	562,093,459	3·0	40
1941	8,593	.....	4,490	13,083	872,169,645	1·5	41—
1942	8,430	4,108	27,387	39,925	1,488,536,343	2·7	42
1943	8,492	29,967	19,980	58,439	2,249,496,177	2·5	43
1944	8,841	37,189	64,293	110,323	2,765,017,713	3·9	44
1945	9,424	7,169	88,054	104,647	2,687,334,799	3·8	45
1946	10,319	17,081	82,978	110,378	3,013,185,074	3·6	46
1947	13,300	11,091	71,116	95,507	3,007,876,313	3·1	47
1948	16,311	30,069	33,233	79,613	2,871,746,109	2·7	48
1949	20,376	18,219	23,178	61,773	2,771,395,075	2·2	49
1950	25,296	27,539	22,211	75,046	2,580,140,615	2·9	50
1951	49,826	92,959	.....	142,785	3,112,535,948	4·0	51
1952	50,247	16,887	.....	67,134	3,980,908,652	1·6	52*
1953	58,875	47,836	.....	106,711	4,360,822,789	2·4	53
1954	54,406	53,955	.....	108,361	4,396,319,583	2·0	54
1955	63,745	18,059	.....	81,804	4,123,513,300	1·9	55—
1956	.....	.....	.....	78,381[1]	4,385,400,000		
1957	.....	.....	.....	77,733[1]			

(Above from Dominion Bureau of Statistics)

For years ending March 31, 1943 to 1950 P.A. lists breakdown of above categories under Departmental heading—For years 1951-55 subtotal for Special given and thus shown separately — For Years prior to 1943—Ordinary shows amounts listed as Departmental Totals—and where possible figures were picked up for Special and War when Departmental distribution was shown.

(Above taken from Public Accts. page 108—)

[1] Estimated.

Just to make a few comments before placing it on the record, Mr. Chairman, I should like to say this. With the exception of one year—and that is the year 1935,—the Conservative government in power from 1930 to 1935 spent better than two per cent of the gross revenue of the government on agriculture. In view of the circumstances during that five-year period I think that is a very good record in comparison with the record since that time. On the other hand, in 1941, which is an all time low in that 25-year period, this government only spent 1·5 per cent of the total national revenue of Canada on agriculture. In 1952, which was considered one of the best agricultural years we have ever had so far as revenue is concerned, this government only spent 1·6 per cent.

Now, as I said before, in the poorest year from 1930 to 1935 inclusive, the Conservative government spent 1·9 per cent. In all other cases it ranges from 2·1 per cent to 3 per cent of the total revenue. Therefore, when the minister says his government has spent more than any other government, it is not true and I hope that the members opposite will take cognizance of this fact and not be misled by the minister's assertion on that day. More than that, Mr. Chairman, these figures include the ordinary expenditures of the Department of Agriculture, the special expenditures and the war expenditures. In 1951, I want to be fair, it increased to 4 per cent but included in that 4 per cent was $92,959,000 or practically $93 million that was of a special nature. I might say that probably if the minister spent as much time on the administrative matters of his department as he does on politics he would be more conversant with the facts regarding the case.

I have a resolution dealing with the feed situation passed by the Simcoe county council and endorsed by the Brant county council which I should like to read to the house. This is a serious situation, and one which will be more serious this year than it has been in past years. The resolution reads:

Whereas because of the unfavourable seeding conditions in the spring of 1956 there is likely to be a heavy demand for western feed grains to supply Ontario farmers this fall;

And whereas the action of the wheat board in filling the bay port and lakehead elevators with export wheat and malting barley in the fall of 1955 seriously disrupted the movement of feed grains by limiting the amount of storage available;

And whereas this action on the part of the wheat board increased the cost of feed grain to Ontario farmers by making it necessary to use rail transported grain;

Be it therefore resolved that the agriculture committee of Simcoe county council respectfully request the dominion government to take any action necessary to ensure that sufficient feed grain is stored in bay port elevators before the close of navigation in the fall of 1956 to adequately supply the requirements of Ontario farmers until the opening of navigation in 1957.

I am sure, Mr. Chairman, anyone who has travelled anywhere in eastern Canada in the last two months must realize the seriousness of this situation, where field after field of spring grain was flooded out, the fields worked up again and sown to other crops. I hope the government does recognize this fact and take suitable action.

Now, I am sure that the turkey growers of Canada would want me to say that they appreciate the action the government finally took after many long years in changing the tariff regulations in order to protect the turkey growers of this country. It was long overdue. They would wish me to show their appreciation of the government for finally taking this action.

There are two other things, Mr. Chairman, that have not been acted upon as yet. It follows upon sessional paper 141-H, dated May 15, and has to do with grading regulations and packaging regulations affecting turkeys coming into Canada. According to the answer I received, grading regulations affecting turkeys imported into Canada are the Canadian regulations and they must adhere to those regulations. I am informed by reliable sources that in all cases that is not the fact. Imported turkeys are sold in Canada under grade; that is, the grades do not conform with our Canadian grades standard and there is some laxity in checking those turkeys as they cross the border to make sure that they are up to the Canadian grades standard. I hope the government will check on this matter and see that they do conform to the Canadian grades.

With regard to packaging, packaging comes under the Food and Drugs Act. I am told by reliable sources that on some of those turkeys imported into Canada there is a cellophane bag that practically covers the whole breast of the turkey, with colouring on the outside of the bag. As I understand it, that is against Canadian regulations. I have not seen one of those turkeys myself, but I am reliably informed that was the case last year. I hope the government will take suitable steps to stop this practice.

In his speech on May 11, as recorded at page 3819 of *Hansard*, the minister brought to our attention a project to sell milk in schools. I would like the minister to state further actually what that project was and whether it has been brought to the attention of the provinces, and whether the plan would be taken to the provinces instead of waiting for the provinces to suggest it to the government. If the provinces knew that such a project was to be undertaken by the federal

government, I am sure that many of them would take up the suggestion and act upon it.

Another matter that I should like to bring to the attention of the government has to do with the setup of the Department of Agriculture. Several years ago the Canadian veterinary medical association sent a resolution to the minister regarding the setup of the production service. I know the minister is aware of this fact. The resolution was brought to his attention in 1949. Something has been done since in the way of moving the animal pathology and research division from the science service to production service. That is a step in the right direction and is appreciated by the association, but their request went farther than that. Their request was that the animal pathology and research division and the health of animals division be placed in one separate branch under the direction of a veterinarian. This in no way has anything to do with the personnel of the branch; it is in no way critical of the personnel. I do not want to be misrepresented as suggesting that. They have had very good co-operation from the director of the production service. They appreciate what was done, but the feeling among veterinarians across Canada and among members of the association across Canada is that the veterinarians in the government service could do a better job for Canada if this were under one branch of the department. I think the minister will agree with me on that. The fact that there are many in the department who are members of the organization to which I refer does add force to this resolution that they ask be given consideration.

I believe since 1949 the minister has had several letters. I understand that there was a period when it was not desirable to do this and the minister knows about it, but I think the situation has resolved itself. If the minister would give consideration to this it would be appreciated by the Canadian association.

Item agreed to.

3. Contributions to commonwealth agricultural bureaux in a total amount of £34,928, notwithstanding that payments may exceed or fall short of the equivalent in Canadian dollars, estimated as of December, 1955, which is, $97,799.

Mr. White (Middlesex East): Would the minister indicate how this vote is used and for what purposes?

Mr. Gardiner: These contributions are made to commonwealth bureaux which are set up in commonwealth countries to deal with research. Our contribution is indicated in this item.

Mr. White (Middlesex East): Has it anything to do with marketing, export and import of agricultural products?

[Mr. Charlton.]

Mr. Gardiner: It is purely scientific; it has nothing to do with marketing.

Mr. Montgomery: Is the research carried on in different countries or is it centralized?

Mr. Gardiner: There is one set up here in Ottawa and another in England.

Item agreed to.

Science service—
Science service administration—

4. Operation and maintenance, including an amount of $134,025 for grants in aid of agricultural research in universities and other scientific organizations in Canada, $863,569.

Mr. Nowlan: This item includes an amount of $134,000 for grants in aid of agricultural research in universities. Would that be paid to universities apart from the agricultural colleges themselves which are operated by the provincial governments? To what universities have these grants been made and in what amounts? Without too much detail, could we have a breakdown?

Mr. Gardiner: Generally speaking, this research is carried on in the parts of universities associated with agricultural activity. Some universities have agricultural colleges on their campuses. This is true of universities in western Canada. The work being carried on by way of research is aided under this vote.

Mr. Nowlan: Could the minister give us the names of some of the universities without going into minute details?

Mr. Gardiner: The list here shows the University of Ottawa, Ottawa; Ontario Agricultural College, Guelph—even though it has that separate campus at Guelph it is still done through this school—the school at Ste. Anne de la Pocatiere, Quebec; University of Saskatchewan, Saskatoon; University of Manitoba, Winnipeg; University of Alberta, Edmonton; University of Saskatchewan; University of Manitoba; Ontario Agricultural College; Macdonald College; University of Alberta; University of British Columbia; University of New Brunswick, Fredericton; University of British Columbia, Vancouver; McGill University, Montreal; University of Alberta; McGill University; University of Saskatchewan; Macdonald College; Hamilton College, McMaster University, Hamilton; University of British Columbia, Vancouver; University of British Columbia.

Mr. White (Middlesex East): That list does not include the science service laboratory at Western university, London. Does that come under a separate item?

Mr. Gardiner: We operate that one directly.

Mr. Smith (Battle River-Camrose): Is any progress being made in developing a variety of wheat which is rust resistant? It will be remembered that two years ago our wheat, particularly in Alberta, was practically ruined by rust.

Mr. Gardiner: Work is being carried on all the time at the laboratory in Winnipeg and efforts are being made to keep ahead of rust attacks. There is an improved variety of Selkirk which is not yet ready for distribution.

Mr. Smith (Battle River-Camrose): How soon may we expect this new variety of Selkirk wheat to be available for seed purposes?

Mr. Gardiner: It is still in the testing stage and it will take two or three years to bring it to the point where it can be distributed. As all hon. members from the west know, there must be a multiplication period after it has been determined that a variety is resistant. That is handled by sending seed to California to double the speed in getting quantities available for distribution, but will take two or three years after the tests are complete.

Mr. Blackmore: Is any progress being made in finding a rust-resistant sunflower? The minister will remember that there was considerable damage to the sunflower industry in Manitoba through rust.

Mr. Gardiner: A rust-resistant sunflower has been developed and is being utilized in the Morden area of Manitoba.

Mr. White (Middlesex East): What studies are being carried on at the science service laboratory at Western University?

Mr. Gardiner: Studies are being made of the utilization of new chemicals in the development of plant life. That is the main investigation being carried on.

Item agreed to.

6. Bacteriology, $242,748.

Mr. Charlton: What research is being carried on in relation to butter held in storage and how much butter in storage has been down-graded upon leaving storage?

Mr. Gardiner: I have not the exact figure of the amount that has been graded down, but it is less than 5 per cent. Of course, the grading is done by our professional graders, who grade the butter in and grade it out of plants. They use the same practice in grading it out as they use in grading it in. All the tests that are made to determine whether or not the butter is grade A1 are used in both cases.

Mr. Charlton: What happens to the butter that is graded down and that does not come up to the grade A standard?

Mr. Gardiner: Whatever is sold out is sold at whatever grades it is graded to. The only butter of which we take delivery under the plan is grade 1. Then, when anyone purchases butter, it is delivered as grade 1. But, if there is grade 2 butter there or if there is butter that is not fit for human consumption, it is sold just as what it is.

Mr. Charlton: I hope that butter of grade 2 or lower does not find itself in the retail market to be sold as butter, because there is nothing that would destroy the butter market quicker than to have the low grade butter placed in stores and sold. I hope that matter is very closely watched and dealt with by the government, because it could be very serious.

Mr. Gardiner: I understand the grade 2 butter is only sold by the board to manufacturers who utilize it in making candy and things like that.

Mr. Nowlan: How long does the butter stay at grade 1 after it has been sold? I am thinking of some experiences a client of mine had who bought grade 1 butter from storage in one province and had it sent to a plant in Nova Scotia. When it arrived there and was graded it was found to be substantially below grade 1. There was a question as to how long it had been in storage and as to what adjustment might be made by the board. What is the procedure with respect to that?

Mr. Gardiner: I have no information with regard to that case, of course, but it is very difficult to determine just how long butter is held after it is purchased. I think I said here once before, after making inquiries, that it will keep at least as long as a year and a half if it has been properly made in the first place. There might be mistakes in grading when it comes in which result in butter going bad, or there might be conditions in the storage that result in its going bad, but, as has already been said, the full quantity is less than 5 per cent over the period in which we have been handling it. So not very much of it has gone bad.

Mr. Nowlan: What does the board do as far as adjustments are concerned in such cases when butter has been sold as grade 1 and the inspector refuses to take it? Have you had any difficulty in getting adjustments from the vendor of that butter?

Mr. Gardiner: The responsibility there is on the person who purchased the butter and held it in the meantime. If it is ten days

later, something may have happened to it. We do not take responsibility for that.

Mr. Nowlan: In the case I was speaking of, you did not hold it at all; it was bought and delivered, and before it was taken out of the car the departmental inspector inspected it and refused to pass it at the grade at which it had been bought in another province. He did not take delivery of it.

Mr. Gardiner: It depends on whether he bought it directly from us or from a dealer. If he bought it from a dealer and it was butter that had been in storage before, it would be a matter between him and the dealer. If he got it directly from us, I presume that until it was delivered it was not his butter and he would then get it at whatever it graded.

Mr. Philpott: If the minister is considering any changes next year in the arrangements about the subsidized butter that goes to the charitable institutions, I might say I have had very warm letters of approval of the government's policy in that regard and I certainly hope the arrangements are continued, notwithstanding the apparent lack of success in convincing the governments in some of the provinces that they should quit using margarine and use the subsidized butter.

Mr. Gardiner: I should like to correct an impression that might have gone out as a result of the statement I made some time ago before all the information was available, to the effect that the increase in consumption had not been high but had been comparatively low. I have some doubts as to whether that is a correct indication of what happened. The annual report which is now being prepared indicates that there was an increase of about 9 per cent in the amount of butter consumed under this plan, which some people might consider to be worth while. I may say I have had similar letters from institutions indicating that they were very much concerned that the plan should be continued, and up until now it is being continued.

Mr. Montgomery: I wonder whether the minister would tell us this. When the butter is purchased from the trade and taken off the market, where is it stored? Is it stored in a government warehouse or in various places around the country in the trade's warehouses?

Mr. Gardiner: The greater part of it remains stored right where it is when the butter comes from the market. We have a standing offer of 58 cents. If the butter comes to us because no one else will buy it at 58 cents, then it is put into storage that is satisfactory to us. We have no storage in which to put it. Sometimes, when we realize that the butter will be utilized in some other part of Canada than where it was produced, we may ask to have it stored in that other part of Canada.

Mr. Montgomery: Is it marked in any way by the department's inspectors when it is taken over?

Mr. Gardiner: It is all branded with the date of manufacture, the plant that manufactured it and so on, but the butter is held by the government.

Mr. Stanton: It is rather late this year, minister whether boys' and girls' camps throughout the dominion qualify to receive the butter at the lower price.

Mr. Gardiner: I am not certain whether they would qualify but I understand they have not purchased any butter under the plan.

Mr. Stanton: I should like to ask the minister a supplementary question. What is the minimum amount of butter that the board will issue under that plan?

Mr. Gardiner: We have not set a minimum. We have simply set the type of institution to which we will sell the butter at the low rate, and I presume that the institutions using the butter buy all their butter from us at that rate rather than pay the extra 20 cents. I should say that they buy it from the regular supplier. We are notified as to the amount and we make the payments to the dealer.

Mr. Stanton: It is rather late this year, but if the plan is carried on for another year would the minister consider allowing boys' and girls' camps across the dominion to avail themselves of the opportunity of obtaining that butter?

Mr. Gardiner: There is no doubt that if they made application it would be considered. I am not in a position to state whether or not it would be agreed that that is the kind of institution that it is intended should be covered.

Mr. Blackmore: Would the minister tell us what portion of this money under item 6 is being spent in the four western provinces?

Mr. Gardiner: That is item No. 6?

Mr. Blackmore: Yes.

Mr. Gardiner: I understand there is very little of it being spent. Most of it is being spent here in Ottawa.

Mr. Blackmore: Could the minister outline to the committee the general branches of bacteriology which are being studied?

Mr. Gardiner: The activities of the division may be divided into three categories, namely, research, direct service, and regulatory control work. Research, the chief function of the division, is carried on chiefly in co-operation with the experimental farm service and other divisions of science service along the following lines: Dairy bacteriology, food microbiology, soil microbiology, general microbiology. Direct service involves the analysis of samples, legume seed inoculants and control of central experimental farm diary operation. The regulatory control work is concerned with official quality control of various products coming within the scope of acts and regulations administered by the Department of Agriculture and to note conformity with standards. The products included are legume inoculants, edible gelatine, canned tomato products, frozen and dehydrated vegetables and fruits, powdered and frozen eggs, pasteurized honey and powdered milk.

Mr. Gauthier (Portneuf): I should like to support the request made by the member for Vancouver South in connection with the policy of selling butter to institutions. I have received various representations from institutions in my county which are very anxious to hear from the minister and the government that this policy will be continued.

Item agreed to.

7. Botany and plant pathology, $1,474,719.

Mr. Charlton: Can the minister tell me whether anything new has been discovered to stop loose smut in wheat? The old method was pretty cumbersome and I understand there have been some changes and that there are some new fungicides. What is the latest development in that regard?

Mr. Gardiner: The old treatment, of course, was the bluestone treatment which was quite general, but control of smuts of the cereal grains can be done by seed treatment. The hot water treatment is the only one that will control the loose smuts of wheat and barley, but on account of the special equipment required for this treatment and the necessity of controlling the water temperature accurately the application of the treatment is restricted to relatively small lots of high quality seed intended for increase.

A recent development that has taken place, as yet on a small scale, in both eastern and western Canada is the provision in certain localities of special equipment for treating farmers' seed with hot water. The plant pathological laboratory at Edmonton has experimented with considerable success with a simplified chemical treatment and a cold water soap treatment for the control of loose smut of barley. The Saskatoon laboratory has recently developed an embryo test to detect smut of barley that promises to give more reliable results than the present method of field inspection.

Then there is formaldehyde, which is a treatment that has been used for a long period. The treatment continued to be the common treatment for the control of bunt of wheat, loose and covered smuts of oats and covered and false loose smut of barley. When properly applied it is effective but it has the disadvantage that it frequently results in seed injury. Recent advances in seed treatment materials have resulted in the general use of organic mercury compounds applied to the seed as a dust, a liquid or in a concentrated paste usually referred to as a slurry. The organic mercury compounds used for seed treatment in Canada are Ceresan dust, Laytosan dust, Ceresan M applied as a slurry and Panogen applied as a liquid. I find as much difficulty with these terms as the Minister of Trade and Commerce did with his.

Mr. Charlton: Is there not another one, Spergon, used for loose smut? I understand they are using a very low concentration and soaking it in water at room temperature.

Mr. Gardiner: They are experimenting with a lot of others, including Spergon, and I do not know when the department will be prepared to make a recommendation.

Mr. Charlton: You have no definite recommendation on that one yet?

Mr. Gardiner: No, I understand not.

Mr. Nowlan: As the minister knows, item 7 deals with one phase of our agricultural economy which is of great interest in the apple industry, the pathological studies that are made in that regard. I was wondering just what the breakdown of this item would be. Actually the experimental farm at Kentville has been specializing largely in the last few years and under the recent management in dealing with problems of pathology, botany and fungicides, everything that has to do with the apple industry, rather than operating as a general experimental farm, although it does have some livestock and some poultry. Is there a separate allocation under this item? Can the minister tell us how much of the study of botany and plant pathology at the experimental farm at Kentville is done under this item or is it included in the experimental farm service votes? If it is a separate item, I should like the minister to give us a breakdown and indicate how much of the vote of $1,474,000 is to be spent on the work in the Annapolis valley having to do with the fruit industry of Nova Scotia?

Mr. Gardiner: It is not easily available but we will get that and bring it back after lunch.

Mr. Nowlan: I suspect a lot of it may be in the experimental farms vote.

Mr. Gardiner: I think probably it is but there is an amount under this item which is spent there.

Mr. Nowlan: Will the minister check on that?

Mr. Gardiner: Yes.

Mr. Quelch: Can the minister say whether any work is being done to develop a suitable type of barley for export to Japan? I understand there is quite a possibility of expanding our sales of barley to that country but that they prefer a white barley.

Mr. Gardiner: Yes. There are three different places where experiments are being carried on, one at Lethbridge, one at Lacombe and one at Winnipeg. No particular variety has yet been announced as being particularly suitable for that but work is being done on it.

Mr. Argue: Just on that point may I say that I am hopeful that the department will expedite the breeding to which the minister has referred. Since there has been a tremendous falling off in the Japanese market for Canadian barley, because we have been informed that the Japanese prefer a barley with the white hull rather than the barley that we have in quantity with a brown or green hull, I am wondering whether the minister can say whether there is any hope for the early release of a variety that will give us some hope of getting back into what in very recent years has been an extremely important market for Canadian barley?

Mr. Gardiner: The effort, of course, is being made to get that matter dealt with as soon as possible. I understand it is the weathering effect upon the barley which creates the colour which they do not wish to have. An effort is being made to overcome that difficulty. I cannot say how soon they will be successful in doing it, but they are working diligently on the problem.

Mr. Argue: As I understand it, it is the end product, after the cooking process, with which we are concerned. The Japanese like barley that, after it is cooked, turns out as near the colour of rice as possible. Can the minister say whether a variety, even in the small quantities with which the breeders have to deal, has yet been discovered, or is only the breeding process itself still going on, or are they to the point of multiplying a variety that has some promise?

[Mr. Nowlan.]

Mr. Gardiner: No. I understand the variety has not yet been uncovered that will permit that distribution.

Mr. White (Middlesex East): Along that same line, may I ask this question? Would it not be possible to import some foundation stock that would be suitable so that too much time would not be lost?

Mr. Gardiner: We have imported varieties from Australia and from wherever we feel there is any variety that might be developed suitably. However, up to now we have not been able to recommend any particular one.

Mr. Johnson (Kindersley): I understand that most of the research work in weed control is closely allied with the botany division in discovering the life cycles or growing cycles of weeds. I am wondering whether in the department any recent developments have taken place which would indicate that controls for such extremely bad weeds as toad flax are appearing and what activities the department is undertaking in order to control this weed. Further, I should like to know whether the work, with the co-operation which the department has had from entomology, in developing a selected parasite to control toad flax is proceeding at as rapid a pace as is hoped?

Mr. Gardiner: I understand that it is proceeding as rapidly as can be expected under the circumstances. Every effort is being made to improve upon what is already being done.

Mr. Quelch: While we are on the question of weeds, may I say that one of the worst ones with which we are plagued on heavy land is wild oats. I know that many farmers "sowed wild oats" in their younger days; but since then they have been having a great deal of trouble in eradicating them from their land. I was wondering whether the minister could tell us about any procedure for eradicating them. I understand that there is a form of spray that can be used on wild oats, but it seems to be very hard to spray wild oats without killing the other types of grains.

Mr. Gardiner: There is being developed a chemical spray which it is hoped will deal with wild oats. But so far as we know up to the present time there is only one way to deal with wild oats and that is by good farming. The chief way of successfully treating wild oats out in the west that I know of is in the sowing of rye. Rye sown by August 10 on summer fallow will get rid of wild oats in just one round. I know that. Hon. members may shake heads all they like. I farm out there. Most of the people who farm

out west sow their fall rye on stubble. But if one wants to get rid of wild oats, one can get rid of four crops in one year by summer fallowing to August 10; by sowing your fall rye on August 10 thus getting two crops of wild oats and that way you get two more crops before you take the rye off. Four crops in fall and spring will clean them out. If anyone has not tried it, he had better do so. It is more successful than any spray yet found.

Mr. Johnson (Kindersley): As the minister knows, the viability of a wild oat seed will persist up to fifty years.

Mr. Gardiner: It will if you do not sprout it. But if you farm so as to sprout it, four crops will clean your land.

Mr. Smith (Battle River-Camrose): Just to get off this wild oats question for a moment may I ask a question about another matter. From studying the minister's report I notice that at page 53 they mention the increased use of newer herbicides for weed control, and they mention the use of these herbicides to control quack grass, buckwheat, wild oats and so on. However, I have not yet been able to find any information at all as to whether investigations are being carried on to control the spread of toadflax in western Alberta. If that information is available, I should certainly like to get my hands on it. I know that in my part of the province of Alberta the toadflax menace is rapidly growing. There is acre after acre of land that is now of absolutely no use at all.

Mr. Cardiff: I should like to agree with the Minister of Agriculture with regard to wild oats. Any person who knows anything about farming knows that you do not have to put up with wild oats for very long if you farm properly. If farmers are careless or negligent, they will grow wild oats.

Mr. Argue: Mr. Chairman, I believe considerable work has been done in developing rust-resistant varieties of Durum wheat that would be suitable for the market. As the minister knows, better varieties of Durum wheat are at present relatively susceptible to rust, and the whole Manitoba area and the area of eastern Saskatchewan which normally grow a great deal of Durum wheat, to a large extent have been obliged to abandon that crop because of the rust menace. The growing of Durum wheat has moved to western Saskatchewan and Alberta to a considerable extent. I wonder whether the minister can describe to us some of the work in that regard and tell us when some of these new varieties may be released in quantity.

Mr. Gardiner: There are two varieties of rust-resistant Durum wheat which have been imported from North Dakota, and we are multiplying those now for distribution. Just as soon as they are multiplied sufficiently they will be distributed in the west. The work is at the seed-growing stage now. Some of the seed is out among the seed growers who are multiplying it.

Item agreed to.

8. Chemistry, $754,679.

Mr. Quelch: I wonder whether the minister can say what research has been done in regard to the chemical control of wheat that is infested with red mites. The farmers have continued to be warned to check their wheat in order to see whether their wheat is infested or not. Then the recommendation is made that if it is infested the wheat should be turned from one bin to another. When the bins are all full of wheat, it is not always easy to change wheat over from one bin to another. I have seen advertisements recommending certain kinds of chemicals that can be used to treat wheat whilst it is still in the bin. In addition, warnings have been issued that if these chemicals are used, the wheat may be affected in such a way that it will not be suitable for human consumption. I was wondering whether the minister can say whether or not there is any safe treatment for wheat that has become infested.

Mr. Gardiner: We have no information here on that, but I know what my hon. friend is speaking about. He refers to the mites that get in bins. We have been accustomed to saying that they get into the spots where the pipe has been running grain into the bin, the dust gathers there and mites form and destroy the grain in the bin. We will have that information looked up.

Mr. Quelch: I know of one farmer who used gas to destroy the mites and afterwards the wheat was condemned as not being suitable, so apparently one has to be careful about the treatment one uses.

Item agreed to.

9. Entomology, including a grant of $40,000 to the international congress of entomology to assist in defraying the cost of the tenth international congress of entomology to be held in Canada in 1956, $2,210,475.

Mr. White (Middlesex East): Has the minister or his department had any word from southwestern Ontario as to the possibility of an infestation of army worms this season? The reason I ask that question is that there were two different representations while I was home last week end that there were quite a number of them showing up in some fields. When the minister is replying, has he any

information on materials being readily available in case the infestation should become worse?

Mr. Gardiner: The army worm which was so widespread and caused serious loss in 1954 occurred in only a few very local areas in 1955. Practically no losses occurred in those areas and the army worm disappeared early in the season. Now, that is the only record which we have of them. I did not hear that there was any serious infestation in Ontario. Of course, that is looked after primarily by the provincial agricultural authorities, but as the army worms do not pay any attention to boundary lines we do try to keep records and assist in every way possible, but most of that kind of work is done by the provincial people.

Mr. White (Middlesex East): What is the latest information you have on the best method of control?

Mr. Gardiner: I am sorry, but the official who is in charge of that is not here at the moment. I shall get him and have this information available later.

Mr. Weir: I notice that in this item there is a reference to the tenth international congress on entomology to be held in Canada in 1956. I wonder if the minister could inform the house where that is going to be held and when?

Mr. Gardiner: It is to be held in Montreal in August. The delegates will visit the Ottawa farm here and make an excursion into other parts of Canada.

Mr. Knight: My hon. friend has just asked the question I was going to ask, Mr. Chairman.

Mr. Bryson: In connection with this infestation of army worms, I wonder what has been the result of the experiment in the northern United States whereby they drop horseflies out of aircraft. As a matter of fact, I saw this done last year in Wisconsin, and I am just wondering if there is any information available or if consideration of this proposition has been given?

Mr. Gardiner: I do not know whether I was listening carefully enough, but I thought my hon. friend said it was horseflies they were dropping. I understand it is an insect which resembles the horsefly but it is not the horsefly. The treatment is the same as that used in connection with the cutworm. A little insect is distributed in considerable numbers and it goes around stinging the cutworm. It lays an egg in the cutworm which develops into another little worm which eats the cutworm. The plan is the same in connection with the army worm, but it is a different insect that is utilized.

Mr. Bryson: It is quite an amusing thing, but as a matter of fact everyone called them horseflies and the minister's explanation seems to cover it. There is one other thing I should like to ask the minister. Certain mites or other similar animals have been causing a great deal of concern in northern Saskatchewan in connection with some types of clothing. A United States flying service came into that part of the country and brought in lady bugs. They had a specially equipped plane and exhausted these lady bugs out of the plane. This had a good effect, and I am wondering if there has been any experimentation along that line?

Mr. Gardiner: I do not know the history of lady bugs or that kind of thing. For many years we have been not only conducting experiments but doing work in assisting in the distribution of parasites. This matter has been discussed I think in almost every session during the 20 years I have been here. We have had considerable success in breeding these insects and seeing that they are distributed.

The reason I mentioned the cutworm in particular is that I have watched the results of the experiments conducted on the prairies. It has often been said that the cutworm is difficult to destroy as long as the field remains dry. The cutworm works underground and when it rains it has to come up on top in order to get air. If you go over a summer fallow field or a wheat field that is infested with cutworms, you will find that after a rain the soil is broken and the worm has come up on top. It is then that the parasite gets busy and goes around stinging these cutworms, killing them by thousands. The breeding of these parasites is carried on by the department and we distribute them. They fly about killing cutworms, army worms and different parasites that infest our crops.

Mr. Johnson (Kindersley): On that same point, I wish the minister would use his influence to ensure the continuation of an experiment which was carried on in connection with the control of toadflax. The entomology department discovered a species of beetle, which was bred for the purpose of destroying the toadflax they had in Ontario. They took this same beetle to western Canada and found it was selective enough in its diet that it only ate the toadflax. Unfortunately, the experiment stopped there, and I think it is very important that they continue the experiment in the control

of toadflax. I think it is a very important trend in the control of toadflax and I wish the authorities would ensure the continuation of the experiment because it might have very beneficial consequences.

Mr. Gardiner: I understand the work is still going on. There is a little difficulty in getting sufficient numbers of the insect in order to have them multiply as fast as we require.

Mr. Cardiff: Has the minister any knowledge of the fly, bug, or whatever it is, called the heel fly, that is infesting cattle? We have a great deal of trouble in our county. They just drive a bunch of cattle almost crazy.

Mr. Gardiner: We have been carrying on activities in connection with that at Lethbridge particularly. It is what is known as the warble fly, I think, that stings cattle. Sprays have been used in connection with them. We are now carrying on activities on the Guelph farm in Ontario.

Mr. Robinson (Bruce): I should like to touch on the question brought up by the hon. member for Middlesex East in connection with army worms. The time may arrive when the infestation will be a calamity to farmers. Have any plans been laid down by the department, in conjunction with the provincial governments, to combat this pest? What makes me ask the question is that a couple of years ago in some instances in Bruce the infestation of army worms was getting very alarming. I had occasion to wire the ministers of agriculture of Ontario and of Canada. The reply I received from the federal Minister of Agriculture was that it was strictly a provincial responsibility. I understand that at times spraying and dusting has been done to good advantage in connection with army worms. I should like to have some information. If this infestation should reach such a stage—and I hope it never will—that it becomes alarming, have any plans been made in connection with getting machines to do the dusting and spraying, or has anything been done along that line?

Mr. Gardiner: As the hon. member said, Mr. Chairman, the present position is, and has been over the years, that that kind of work is carried on by the provincial departments. They have been fighting grasshoppers in the west and it is the provincial departments that put on that program. In the other provinces, when any difficulty of that kind arises, it is the provincial governments that carry on. The authorities in the provincial departments come to Ottawa for advice on the technical sides of it, and on any knowledge that we have on the methods that are used in other countries or in other places. We gather all the information that we can on these kinds of things through these bureaux that are established here and there and that we support. We give them all the information we can. Then, too, on the matter of the movement, that is, the movement of grasshoppers, which is a little different from the other insects, but nevertheless they do move across the country. When a movement of that kind starts down in the United States and moves toward Canada we keep the provincial authorities informed as much as we can on what we know of it; but the actual putting on of a program in order to combat it within a province is carried on by the provincial governments.

Mr. Robinson (Bruce): Does the federal government take any interest in the matter or pay anything toward the work that is done in connection with dusting and spraying, or is that done strictly by the provincial governments or by the companies?

Mr. Gardiner: We do cover some of the costs in connection with research. As a matter of fact, we carry on the work but in the actual battling of it the work is done and financed by the provinces.

Mr. Patterson: While we are discussing worms and bugs I should like to refer to the situation that existed in British Columbia last year with reference to the corn ear worm. I brought to the attention of the minister and the department the fact that corn infected with corn ear worm was being imported from the United States, and growers in British Columbia were afraid that it would become an established problem as far as their crops were concerned. If I remember the correspondence aright, I was advised that corn ear worm had already established itself in the crops in British Columbia and I was wondering just to what extent that is so? What information has the department on that particular matter?

Mr. Gardiner: Well, the only information we have is that it has been investigated in British Columbia and been established that the worm has been there for some time. It is not just being imported now in corn that is being brought in. Apparently, it has been up and down the coast.

Mr. Patterson: Is it established to any great extent or is it on a comparatively small scale?

Mr. Gardiner: Well, I understand it is comparatively small because, as you know, British Columbia is not a large producer of corn.

They grow garden corn and other kinds of corn. It is more prevalent in the states to the south than it is in British Columbia.

Mr. Patterson: Will the minister and the department keep a check on it this year? I am speaking now with reference to the importation of such corn. Will the department see that nothing further in that line is imported into the country?

Mr. Gardiner: Well, we shall certainly keep a check on it. I am not too certain as to whether we have all the authority that is necessary in order to prevent somebody in British Columbia from buying it across the line in the state of Washington and bringing it in. We might have difficulties, but nevertheless we do keep a check on it and try to prevent the spread of it.

Mr. McCullough (Moose Mountain): Mr. Chairman, last spring there was a serious outbreak of scrapies in some of the sheep flocks in western Canada. At that time it was reported that the federal veterinarians were taking brain samples and blood samples of those sheep in order to get a better idea of the cause of this disease. Has the minister any report to make to the committee in connection with any findings that have resulted from the investigations made?

Mr. Gardiner: I can give only general statements with regard to it at the moment. I wonder whether my hon. friend would leave it until we reach item No. 20?

Mr. McCullough (Moose Mountain): I had thought of doing that, Mr. Chairman, but it has to do with the science service.

Mr. Gardiner: No; it has to do with health of animals.

Item agreed to.

10. Forest biology, $2,167,733.

Mr. Nowlan: I imagine this is one of the newer items within the lifetime and experience of the minister because it is growing every year. There was a time, I presume, when forest biology as such was a very minor matter so far as the federal Department of Agriculture was concerned. Today, and quite properly so, it is becoming more and more important as time goes on. I presume this work is now done in co-operation largely with the provinces, but certain scientific work is done in the minister's own laboratories. For instance, the province of New Brunswick conducted an extensive spraying operation in connection with budworm, I think it was. Is there some basis of co-operation between the two governments under which that is done? Incidentally, there have been reports, as the ministers knows, of bitter criticism from either pseudo or genuine fishermen who say that as a result of the spraying operations a great deal of damage has been done to the fish; that the spray is so efficient it not only kills the infestation on the trees but it also kills everything living in the waters, the brooks and the streams which run through the woods. I wonder if the minister has any comment to make on that and if he can indicate if there is any way in which this can be dealt with.

I also have a local problem to present to the minister which I presume would come under this item. A blight of some kind seems to be attacking birch trees in Nova Scotia and many of them appear burned as though from a forest fire. This is a recent occurrence in this area and I wonder if the department is co-operating with the province in that particular matter and, if so, what is being done about it? Would the minister give a general breakdown and what the distribution has been among the provinces?

Mr. Gardiner: As the hon. member has stated, this is something which has been going on for some considerable length of time, that is co-operation between the forestry branch of the department and the forestry branches of the provincial governments. The interest of the Department of Agriculture is associated with the fact that in this country we do not include forestry with our agriculture, as is the case in most countries where the growing of trees and the planting of trees on land is considered to be agriculture just as is the growing of wheat on land. It may be that, because our country was practically covered with forest to begin with and that natural resources are under the provinces, it was decided that they should carry on most of the work having to do with forestry.

The fact that we make a study of insects and all that kind of thing and the fact that we have the facilities to do a considerable part of the work which forestry branches might require to have done has indicated the need for co-operation between the forestry branches of the provinces and the branch of our department. Our branch produces different parasites in connection with the fighting of plant diseases and also studies diseases that attack trees such as the one just referred to. There is very close co-operation between the provinces and this branch of the department.

I have here an outline of the work which has been done in connection with the die-back of birch and the bronze birch borer. Heavy mortality of birch occurred in the maritime provinces and eastern Quebec in the period 1935-1947. Intensive studies showed that no

single biological agent is primarily responsible for the disease; however, the bronze birch borer is almost invariably found in deteriorating trees and may be a contributory factor in their ultimate death. More recent studies of birch rootlets and mycorrhiza have indicated that these structures are sensitive to minor changes in soil temperature and moisture. Weather records indicate the prevalence of higher than normal temperature and reduced average precipitation during the period when trees were dying. Permanent sample plots have been established in western Quebec and Ontario to determine whether similar injury may occur in these areas.

Since 1947, definite recovery of surviving trees has been evident in the maritime provinces and eastern Quebec.

Detailed root-washing experiments have been undertaken in New Brunswick and Ontario. In trees showing recovery most of the rootlets were alive with an abundance of mycorrhiza. In the years when die-back was severe, affected trees had a higher percentage of their rootlets dead with a complete absence of associated mycorrhiza. It is possible, therefore, that the dying of tops of trees was preceded by an abnormal condition within the root system which may have arisen as the result of some unfavourable environmental factor.

Root-washing experiments will be continued to determine the rootlet and mycorrhizal conditions in birch trees. Controlled experiments on the temperature relationships of birch rootlets and the associated mycorrhiza will be continued. Ecological studies of birch in Quebec and Ontario will be continued. Studies of virus diseases of birch will be continued in the maritime provinces.

I might say in relation to that that over the radio this morning I heard someone explaining why some of the cedar hedges out at the farm are damaged.

Mr. Charlton: I think everyone appreciates the seriousness of the situation with regard to the spruce budworm. Last year I asked the minister if anything was being done about the pine shoot moth which had appeared in southwestern Ontario. I see by the item that there has been an increase of 47 in the staff of the forest biological division and an increase of some $200,000 in the vote. I think we will all agree that this is very important work.

What has been the result of the experimental work in connection with the spruce budworm apart from the killing of fish, or at least most of them, and also what have been the results in connection with the pine shoot moth? I understand that the only things that will kill this are certain sprays and that cold weather will destroy them as effectively as anything else.

Mr. Gardiner: The position with regard to the spruce budworm is this. In 1955, spruce budworm infestations again caused heavy defoliation in northern New Brunswick and in the Gaspe peninsula. Some tree mortality occurred in 1954 and 1955, in unsprayed areas and in others sprayed too late to be effective. In Ontario, heavy infestations persisted on Sibley peninsula and Black Bay peninsula, as well as between Lake Seul, Minnesota, and the Manitoba border, with extensions into eastern Manitoba. There was little change from 1954 in the infestation at Namew lake on the Manitoba-Saskatchewan border. Moderate to heavy infestations occurred in white spruce stands along the Mackenzie river for about 400 miles north of Fort Simpson in the Northwest Territories. In British Columbia, the infestations in the Harrison-lake-Lillooet river section of the lower Fraser drainage showed some enlargement, but a reduction in intensity.

The investigations carried out in New Brunswick, Quebec, Ontario, Alberta and British Columbia during recent years have yielded much information on the life history, habits, ecology, natural control, and epidemiology of the spruce budworm. A considerable proportion of the information has been published in scientific, professional and trade journals.

Studies of the effects of aerial sprays of DDT on budworm populations were continued in New Brunswick and in the Gaspe peninsula. The forest biology division worked closely with the provincial authorities and the forest industry in defining areas in which chemical control operations were required, assisted in some of the technical aspects of the spraying operations, and carried out biological studies and population counts in sprayed areas as well as in check areas reserved from spraying operations. Reports on the results of the spraying operations have been distributed.

(c) Work contemplated for 1956-57. The program of basic studies of the budworm problem will be continued in New Brunswick, Quebec, Ontario, and Alberta. Infestations not yet subjected to control operations will be kept under close surveillance. Biological studies of the effects of spraying operations in New Brunswick and Quebec will be continued.

Mr. Charlton: Has the minister anything about the pine shoot moth?

Mr. Gardiner: No, I understand we have nothing on it here.

Mr. Charlton: Has there been any work done on it? I understand that a considerable amount of work has been done on this in southwestern Ontario.

Mr. Gardiner: I think that work is largely being done by the Ontario government, but we can get information on it.

Mr. Charlton: Probably the minister's department is doing a considerable amount of work on it too.

Mr. Gardiner: We may be, but the work that is done on all these is really being done by the provincial government.

Mr. Charlton: The minister gave quite a good report on it last year. That is why I say he must have something about it. He can get the information on it later if he wishes.

Mr. Gardiner: If we can get the information here, we shall; if not, we can get it from the people who have it.

Mr. White (Middlesex East): Can the minister report any progress in arresting the spread of the Dutch elm disease?

Mr. Nowlan: While the minister is checking that, I may say that I notice in the details under forest biology that we have provision for five cooks and one cookee. I was wondering how the one cookee was distributed among the five cooks. Who is the lucky cook who is going to get the cookee, and who are the ones that are going to be without?

Mr. Gardiner: Of course, the explanation of that is that probably in most of the camps where they have cooks the cook does all the work, but there is probably one camp that is so big that they need a cookee.

Mr. White (Middlesex East): The Minister has not yet answered my question about the Dutch elm disease.

Mr. Gardiner: We have just sent for the expert on that. I understand that that is being handled, as I said a moment ago, by the province and by the cities in general where they are dealing with the problem. Of course, we carry on research work and give any information we can with regard to those matters, but I understand it is primarily carried on by the provinces and by the cities.

Item agreed too.

11. Plant protection, $839,688.

Mr. Cardiff: I should like to ask the minister whether this has to do with weed control.

[Mr. Gardiner.]

Mr. Gardiner: It does not have to do with weed control. It has to do with the inspection of plants, insects and diseases that effect nursery stock coming in, as to what may be carried by that stock.

Mr. Cardiff: It has nothing to do with spraying and so on?

Mr. Gardiner: It is not the spraying; it is checking the plants that come in. When you come to the boundary line coming from the United States, if you have plants, sometimes you have difficulty in getting across and they insist on your destroying them before you come in. That is part of the protection against bringing in disease. We also inspect what is going out.

Mr. Charlton: I wonder whether the minister could give us some information regarding the importation of balled burlapped evergreens from Holland and the danger of nematode infestation, of which all nurserymen are so much afraid? I understand there is some reciprocal agreement with the government of Holland that they will not ship out anything that is infected. I wonder what this government has to do with that arrangement. Has there been any difficulty with the government of Holland regarding the importation of these balled burlapped evergreens?

Mr. Gardiner: That is true. We send inspectors to Holland at times to make inspections before the plants leave there to come here. We have reciprocal arrangements with a number of countries, Holland being one of them. For example, we get many bulbs from Holland. We have arrangements with countries from which we receive considerable numbers of plants so that we can make inspections there before the plants are sent here.

Mr. Charlton: It is a little different in the case of bulbs. I understand that this nematode is carried only when there is soil along with the plant; it is carried in the soil. I wonder whether there has been any trouble or whether any importations have been stopped because of nematodes found in the soil.

Mr. Gardiner: There have been cases where plants have been prevented from coming here on that account, but I have not the information here in regard to that. Of course, if it were not for the danger of infestation, we would not have started that at the time. The fact that we have the inspection results in some plants being prevented from coming.

Mr. White (Middlesex East): Along that line, I might mention an experience I had. At the time of the coronation two English

oaks were brought into my home village from England. They were from an area where there was infestation of the nematode, and the requirement was that all soil was to be washed from the roots, and then they were shipped out in a bag by air mail. The interesting part was that all the soil had to be removed.

Item agreed to.

Experimental farms service—

12. Experimental farms service administration, $211,122.

Mr. Cardiff: I should like to ask the minister whether a spray has been discovered that will kill chicory, or blue devil as it is commonly called in my part of the country.

Mr. Gardiner: There is one under development at Lacombe, Alberta, that is giving hopeful signs, but it has not yet been proven and therefore it is not being recommended or distributed.

Mr. Johnson (Kindersley): I should like to raise a point under item 12 which ties in with the science service. In many cases the science service and the experimental farms service follow parallel lines. The one aspect of that with which I am familiar is the very contentious one of weed control. We have, in the science service, personnel working on one aspect of weed control and in the experimental farms service individuals at the experimental farms who are carrying out limited projects within their own jurisdiction. I think this same principle is duplicated in many of the projects which are carried out. In addition, we find that both of the services, the science service and the experimental farms service, compete for technical personnel to carry on their projects. I wonder whether the minister has ever given serious consideration to a long run trend of amalgamating these two services and perhaps part of the economics division so that you would have an integrated service whereby you would carry out your technical surveys under the science service, investigate them through the experimental farms service and carry out the research work through the economics division. I think such a trend deserves very serious consideration and I would appreciate having the minister's comment on the suggestion.

Mr. Gardiner: I understand that what my hon. friend has in mind is presumed to be already taken care of. There is an eastern committee and a western committee already set up. There are representatives representing the federal services and others representing the provincial services. They review all the representations that are made to them and determine whether a certain thing is to be given to the science service or is to be handled by the experimental farms. In other words, they designate where it can be best dealt with and it is there it is dealt with. This distribution to the services is made before the actual problem is dealt with either by the one or the other. I presume at times there will be co-operation between the two in dealing with a problem.

Mr. Johnson (Kindersley): I think we should go one step further and have one technical officer in charge of the three departments with a representative from the science service and from the experimental farms service. I believe we would have closer co-operation once projects are started. I agree, as the minister pointed out, that before a project is launched there is co-operation between the departments but once a project is launched difficulty arises, and I think that by closer mechanical co-ordination of the services we would have a more efficient organization. I wish the minister would give that serious consideration.

Mr. Gardiner: We will give it serious consideration. I will ask the officials to have a look at it and take what is in *Hansard.*

Mr. Stanton: In view of the fact that the central experimental farm cannot expand any farther on account of the building projects surrounding it, has the minister given any consideration to expanding the farm by way of an annex say 50 or 75 miles from the central farm?

Mr. Gardiner: This question, of course, as to what is going to become of the experimental farm in Ottawa comes up nearly every year. The department is of the opinion that it ought to remain just where it is. We do not think it is going to help agriculture or help anyone who comes here to get an idea of what is going on in Canada to have the experimental farm 20 miles away from Ottawa or even 10 miles away. We think one of the chief assets of our experimental farm system as well as one of the chief assets of the city of Ottawa and of Canada in general is the central experimental farm right where it is.

This question came up recently when the city wanted to take a piece of it to make a highway, and we insisted on its being just as small a piece as they could get along with and still have the highway. We intend to continue that policy. We are not making any preparations to take anything away from the present experimental farm and we hope the farm will always remain just where it is. It may be possible that at some time in the future we will have to have another location for some particular things that we

cannot do right here in the centre of the city but we are not considering that at the moment.

Mr. Stanton: I did not have reference to discarding the farm in Ottawa. I was speaking about an annex. We know that as time goes on and the years go by we must expand in every department. There is no room for expansion of the farm in Ottawa and I had in mind what the department would do if it wanted to expand it. When I asked the question I also had in mind certain fruits, vegetables and so on with respect to which a much better job of experimenting could probably be done in a slightly warmer climate. I have in mind the region along the St. Lawrence river and naturally Leeds county and the fact that a slightly warmer climate would be helpful in the case of experiments with some small fruits and types of flowers. We know the climate is warmer along the St. Lawrence river than at Ottawa, and perhaps a better job of experimenting could be done if an annex were established there.

Mr. Bryce: Can the minister give a report to the committee on the latest information he has respecting the new breed of hog known as the Lacombe? I think you must have raised seven generations now and you should be able to tell us whether the outlook is as hopeful this year as it was last year when you reported on the experiment being made.

Mr. Gardiner: We had that same breed of hog at Ottawa when I came here 20 years ago and we had some very lively discussions in the house on it. I think most of the people who were interested in carrying the project still further were on this side of the house at that time, and we had to explain what had happened up to that time. Last year I took the trouble to go and look at the hogs at Lacombe myself and when I was there I asked the direct question: Is there any difference at all between this experiment and the one carried on at Ottawa 20 years ago? The answer was no. I had a look at the hogs and all I wish to say at this time is that it will probably be wise to distribute them some time, but I think there has got to be a lot of preparatory educational work done among the people whom we persuaded to put the long white hog all the way across this country. Breeders are established everywhere across the country. They have that type of hog, and in the face of that I do not think it should be the work of the department to go out and say that there is another one that is better until we have proven it to their satisfaction. I have grave doubts whether it is better. Hog breeders outside the service altogether to whom I have been talking do not think it is better yet, and until they do I would not be in favour of making any great distribution of the hogs.

Mr. Bryce: That is why I asked the question. I have great faith in the Yorkshire hog myself. However, I have an open mind on the matter, and if you can show me that by doing this experimental work you can produce a better hog than the Yorkshire hog and get a bacon hog that this country wants I would be all for it. I have another question while I am on my feet. Most hog feeders know that fishmeal is a valuable food. I think it is in Nova Scotia that they are producing fishmeal silage now. It is a wonderful thing when you are feeding hogs but the trouble is you have got to inform the hog feeder that he can only feed fishmeal up to a certain point. If you feed it right along you are going to destroy the business of the packing companies because you will have to put in the frying pan bacon that will taste fishy. You have got to be very careful about that. I think it should be a part of the work of the department to carry on an educational program. They should see that in every bag of such meal that goes out there should be information to the effect that if you feed it too long you will destroy the thing that everybody is trying to achieve, an ideal bacon hog producing bacon with a first class flavour.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Cardiff: Just when the committee rose for lunch I was going to ask the minister whether they were still experimenting with the scrub hogs they had out at the experimental farm a couple of years ago.

Mr. Gardiner: I have not seen the scrub hogs. They are experimenting with some very good ones.

Mr. Cardiff: It all depends on what you call "good". Anything that I saw was not good. Perhaps they had some good ones but I did not happen to see them. The ones I saw were anything but good. They were a cross or something with Chester Whites. I do not know what they were trying to do with them.

Mr. Gardiner: I think that might be something along the lines of the experiment we were talking about at Lacombe with Chester Whites, Berks and Yorks and by certain methods of crossing trying to develop a new strain.

Mr. Charlton: I understood that this Lacombe breed was all in the west. I understood that there was not any of that breed down here at all. Is that not true?

Mr. Gardiner: There are a few at the Ottawa farm with lopped ears hanging down over their eyes.

Mr. Charlton: They might just be the first cross. Are there any of the Lacombe breed here in Ottawa at the experimental farm?

Mr. Gardiner: The breed which was here 20 years ago is the same breed as is at Lacombe now. At least the experts tell me out there it is. I have been over at the Ottawa farm within the last two weeks and have seen some similar ones there, as my hon. friend from Huron has no doubt seen. I do not know just how they got there but they are there.

Mr. Charlton: If the ones out west are supposed to be the Lacombe breed, and as to which I understand they are trying to get registered now—there is an application before the government to have them registered —I sincerely suggest that if they are as bad as the ones out at the farm here, they had probably better disregard registration.

Mr. Gardiner: It has gone further than that. There has been an application for registration and I am not sure that arrangements have not been made to have them registered. They have asked me if they are to be distributed and I have not agreed. That is what I have been telling the committee.

Mr. Charlton: We shall let that matter drop for the moment. I want to add a word to what the hon. member for Leeds said about the experimental farm. I brought this matter up a couple of years ago, I think, when there was some discussion at that time, as there has been every year about moving the farm out of the city of Ottawa. I understand that there is now some discussion with regard to moving the barns and the housing for the animals out further from the city. That would split up the animal research division or the livestock division and the crops division. That is to say, the crop experimental work would be maintained here on the present farm but the animal experimentation work would be moved out of the city. I can see a certain amount of justification for such a move if the city by-law prohibited the keeping of animals within the city limits. In that case you might be obliged to move them out. I wonder whether there is any truth in the suggestion that such a move is to take place?

Mr. Gardiner: As I said before lunch, we have not agreed to any proposal to move any of the experimental farm out of Ottawa. So far as the department is concerned and so far as the government is concerned, the farm is to remain just as it is and where it is. I cannot say what will be the situation 25 years from now. My hon. friend might be in office by that time, I do not know.

Mr. Charlton: I do not wish to be misunderstood. I am not suggesting that it be moved out of Ottawa. I am just wondering whether there has been any discussion taking place between the department and the city or whoever the discussion was with, with regard to the matter. I can see the one thing that might conflict and that is if the city by-law says—and I imagine that it does—provided that no animals be kept within its boundaries, referring to cows, horses or pigs. I suppose such animals as cats and dogs would not be affected. But in view of that possibility, there might have been some discussions at least. Have there been any discussions with the city of Ottawa?

Mr. Gardiner: There is a discussion about moving part or all of the experimental farm out every time they want to build a new public building in Ottawa. Somebody comes down here and says, "We would like to build it on the experimental farm". When they wanted a place to practise tennis they wanted it out there. We get those suggestions all the time. Discussion comes up every time somebody has a notion of that kind. The government has always taken the position that there is going to be no moving of the experimental farm.

Mr. Bryce: I should like to ask the minister whether the Lacombe hogs are being bred only in the one place. When I drive home from Ottawa is there some place to which I can go and see them or must I go to Lacombe to see them?

Mr. Gardiner: The only place I am sure I have seen them is at Lacombe. You can see hogs in different stages of the cross breeding which is taking place to produce what is known as the Lacombe hog. All I know is this; there are a few lop-eared hogs at the Ottawa farm. I did not go in and ask about them. I go out to the experimental farm here occasionally, and in driving through there within the last two or three weeks I have seen a few hogs that look very much like those I saw at Lacombe. I therefore would not deny that some of them are there. However, I would not say they are there officially.

Mr. Bryce: How many generations have been developed now by the gentlemen who run the minister's department?

Mr. Gardiner: I am not certain as to how many generations they have gone through but I think you will find out that they are

at different stages with those hogs. There are hogs there that conform more to the Berks in appearance but they are white and there are hogs that conform more to the Chester White. In other words, I would think their work with the breeding system that is being followed has not been completed in order to produce a hog that I would want to accept as of established type.

Mr. Weir: On this item I should like to interject a remark or two. I myself made a special trip to the Lacombe farm last summer. While I did not have anyone show me around, I saw a number of pigs which I presume are this new strain of Lacombe hogs that are being produced by the experimental farm system. I have no remarks to make about that matter except to say that they looked like a rugged type of hog. Perhaps the one advantage of their having ears hanging down over their eyes was that they could not so conveniently squeeze through garden fences. I think the point that we would be mostly interested in with regard to this particular experiment is whether or not the experiment has been successful in fixing the type of a good, rugged, economically produced hog. I think that is the essential thing that we are all striving for. It will take time to determine whether or not that is an animal superior to the standard breeds of hogs that we have had in this country for a long time.

I should like just to go on and say another word or two in connection with this vote which I note is up $27,000 from last year. In any little opportunity I have to wander around the country, I am always glad of the chance of dropping in on an experimental farm. It has always been a pleasant experience and there is something there which one can pick up every time he goes there. I think our experimental farms throughout the country are a credit to those who have been responsible for their organization and administration. More than that, I think that agriculture as an industry deserves that type of governmental scientific assistance. I commend most warmly the foresight of those who developed this system and who have been in each instance attempting to carry on experimental work which they thought would be of value to the particular community in which those farms were located. Perhaps I might be forgiven if I digressed for a moment, but I think what I am going to refer to is sufficiently close to this problem to ensure that I will not be ruled out of order for so doing. A few weeks ago I had the pleasure and privilege of attending the fiftieth anniversary of the first agricultural college established in the three western provinces, namely the institution in the province of Manitoba.

May I digress to say that it was a very creditable jubilee celebration which brought together 1,200 or 1,500 students who had attended the old agricultural college over the past 50 years. May I say, Mr. Chairman, that the man who was given the privilege of lifting the first sod towards the construction of a new science building, to which the graduates of that institution are making quite a reasonable contribution, was also the man first to register at that institution in 1906. Later, I had the privilege of listening to the dean of our agricultural college, who happens to be a namesake of mine, make a splendid address. In passing I should like to refer to that, having in mind particularly what agriculture is facing up to in this very competitive industrial world today. I am one of those who firmly believe that, more and more, agriculture has to look to our scientifically trained men to give the leadership, not only in production, but also in marketing and all these other fields that pertain to an industry of the importance of agriculture in this country.

Whatever government can do through experimental farms, through their various science divisions and their universities, to train agriculturists in a manner to enable them to give that leadership, I think it will be money well spent in the interests of this country in the days to come. For that reason I am glad to see that this vote is being continued and somewhat increased. In our own province of Manitoba we have two institutions that are very well regarded. I am referring to the experimental farm at Brandon and the one at Morden. They are carrying on in somewhat different fields, but none the less they are looked to by the people in those communities as well as the people outside of those communities for guidance and for information on any particular problem that may be affecting any farmer who is interested in improving his position.

We have in addition to that, as everyone knows, in all communities men who are giving a great deal of attention to the advancement of agriculture in the matter of producing of select stock seed, improving varieties and expanding these things as well as developing new crops and testing them out. Every community has such people who are a very valuable addition to our background in trying to establish agriculture scientifically on a sounder basis. I am thinking for the moment, if I may, of another area, partly in my own constituency, where the conditions are quite different from those that

might be associated with the farms at Brandon or at Morden. In this area there is a different type of soil and, to some extent, different climatic conditions. These people seem to feel that they should have some direction in the way of developing speciality crops, whether that be corn, grasses and clover or things of that nature, I do not know. Nevertheless, the feeling is there and they think—I am speaking now of the local board of trade, the farmers union organization and other groups of that kind—that something by way of an illustration or demonstration plot should be established where people could go by and see what could be done. It might be a useful instrument in giving a lead perhaps to a more stable type of agriculture in that community. I think the minister will recognize the area to which I am referring and he will recall having met with a group of people from the McCreary area a year or so ago. I am just putting that before him and I would be interested in knowing what progress might have been made, if any, towards reviewing the possibility of some development of that nature.

I would only add one other word. When I referred to agricultural graduates, and I was not confining that to Manitoba alone, when I met with my associates of former years at this celebration, I want to say to the minister that quite a number of them were associated with the experimental farm system in various parts of this country.

Mr. Gardiner: May I tell my hon. friend that surveys are now being made in connection with the McCreary proposal.

Mr. Wylie: I have only a few remarks to make on this item. I am very glad to see this increase which, as the hon. member who has just spoken said, is about $27,400. I only hope that the $27,400 is to be used to establish an experimental farm in the Medicine Hat area. As the minister knows, we now have irrigation right down to Medicine Hat. At the present time we have an experimental range station at Manyberries, which is 75 miles south of Medicine Hat. We have an experimental station at Lethbridge—

Mr. Blackmore: It is a farm.

Mr. Wylie: Perhaps you are right, but it is 100 miles from Medicine Hat. However, we do feel that, now that we have irrigation right at our doorstep, serious consideration should be given to the establishment of an experimental farm in the Medicine Hat area.

I am sure the minister has had some representations, not only from me but from others, with regard to the establishment of that station. I do hope that in the very near future consideration will be given to an experimental farm in the Medicine Hat area. I might also say this. We are in a very dry area which now has irrigation. These farmers really do not know how to handle the water that we have today. The peculiar thing is that then the water was turned into the ditches about the middle of last month, it started to rain and it has been raining ever since. We hope it keeps up. However, I think that what we should have in the Medicine Hat area is an experimental farm to which the farmers can go to see how the different crops are raised. There are many crops that can be raised in that area, as the minister knows. I think it is time consideration was given to that idea.

I want to ask the minister one question. Have any representations been made to him by the city, by the chamber of commerce or by anyone but me, from the Medicine Hat area, about the establishment of an experimental farm in that area.

Mr. Gardiner: I do not recall, Mr. Chairman, that there is any correspondence on the matter but I was in Medicine Hat not very long ago, as my hon. friend knows, and representations were made at that time by all those organizations. I explained to them, of course, that the Manyberries farm south of Medicine Hat is still operating, which has to do with the dry area rather than the irrigated area, and that we are also carrying on at Vauxhall what we look upon as more or less of a model in connection with irrigation. We have there a very considerable illustration station which is operated for exactly the purpose the hon. member has in mind. The whole project, however, is one that was laid out entirely by our engineers and those who have had great experience in irrigation work and the public does visit that place quite regularly because of the nature of it. I think it does perform much of the irrigation work which might be carried out if we had an experimental farm as such set up. I have some doubt as to whether there is necessity for going farther than that at the present time. Nevertheless, I am pleased to have the representations that were made, and we shall look into the whole matter.

Mr. Wylie: Mr. Chairman, may I take up a few more minutes of the time of the committee? I am sure everyone in the Medicine Hat area appreciates what the dominion government has done with the range experimental farm at Manyberries. Hobart Peters, who is in charge at the present time, has done a very good job, but it is more in the nature of the production of livestock. They have various cattle

down there that they experiment with. They investigate the number of cattle that each quarter section or section will carry in that area. They have done a wonderful job and they are still doing a wonderful job. They had a range station day out there last week or the week before, and 1,200 people attended. It is a wonderful thing to go down into an area where there are no trees except around a few farm homes, and there are very few there now. At the dominion range station they have shown what can be done by the storage of water. I was going to speak on this on the P.F.R.A. item—perhaps I should when it is mentioned. I think we see the results of a good range experimental farm. We do not go out to Vauxhall because it is 60, 70 or 80 miles away from Medicine Hat. The people just do not go out there, that is all. What we would like to have in Medicine Hat is something the same as they have in Lethbridge, namely, a dominion experimental farm to which the citizens of Medicine Hat could go after a drive of about 10 minutes. That is our idea. We would like that not only for the people living in Medicine Hat but also for the farmers in that area.

Mr. Montgomery: I have a question I would like to ask the minister on this item. I am wondering whether he would like to bring us up to date on the disease-resisting project in Fredericton having to do with experiments into the disease of potatoes? I think they call it a potato breeding project. How are they coming along with their experiments in Keswick, Kathadin, Canso and Netted Gems? Could we have that information?

Mr. Gardiner: While the officials are looking into this question I might answer a question which was asked by the hon. member for Digby-Annapolis-Kings before lunch. He asked about the cost of operating the Department of Agriculture units at Kentville, Nova Scotia. For 1955-56, experimental farm, $188,000; botany and plant pathology, $46,820; entomology, $90,480.

Then, there was a further question asked with regard to the pine shoot moth. An active research program is being maintained on this pest in Ontario. Chemical control is being tested and parasites are being imported this year from Europe in an effort to check the outbreak. Work is going forward at Belleville, Maple and Sault Ste. Marie, Ontario.

A question was asked with regard to grain mites. These were thoroughly investigated during the second world war and it was found that infestations arose mainly from storing grain when the moisture content was excessive or from leaking granaries that permitted damp spots to develop. Chemical control is effective.

In recent years emphasis has been on the rusty grain beetle which has been the principal pest in stored grain. Research is continuing to improve the effect of insecticides when used in large bins. This work is centred at Winnipeg.

Mr. Pommer: Mr. Chairman, I should like to support the statements made by the hon. member for Portage-Neepawa regarding the splendid work done at the dominion experimental farm at Morden, Manitoba. This farm is in my constituency, and I know from first-hand knowledge the high calibre of people employed there and the splendid contribution they have made to agriculture and also to horticulture. They are to be commended for the splendid work they have done in horticultural research in that part of western Canada.

While I am on this point I wonder whether the minister can tell me the name of the man who has been appointed as the new superintendent for that farm?

Mr. Gardiner: Well, a selection has been indicated but it is before the appeal board at present, and a final decision has not been made as to who is to follow Mr. Leslie.

On the national potato breeding project at Fredericton, two varieties were released. Canso and Keswick were resistant to late blight, but new races of blight have attacked them. Breeding is continuing to try to deal with the new condition which has arisen. It is much the same in principle at the rust. There is a new one.

Mr. Montgomery: May I have some information on the Netted Gems?

Mr. Gardiner: Yes. They have been grown mainly in the west up to now. They are a very high starch content potato and are being introduced into New Brunswick largely with the idea of providing a potato that is suitable for potato chips.

Mr. Fairey: While we are on this item may I say that the station at Summerland, British Columbia, is a very fine one of which we are very proud. At the station there is a dairy herd. I should like to call the minister's attention to the fact that Summerland is only about 7½ miles north of Penticton, which is the centre of the fruit-growing industry. The dairying activities are centred about 40 miles north between Kelowna and Vernon or even north of that again. I suggest therefore that this herd is not well placed. I understand that representations have been made to the department to have the herd moved

from the station at Summerland to a more northerly position in the Vernon district. Has any examination of that situation occurred?

Mr. Gardiner: That is under consideration at the present time but it has not yet been determined what will take place.

Mr. Decore: I should like to commend the department and the minister for having set up an experimental station in the Vegreville constituency to deal with a particular soil problem. There are millions of acres of what is known as burnt-out or solonetz soil. This has always been a problem and nobody seems to have found the answer as to the best way to deal with this type of soil. A farmer may spend a lot of time, work and money trying to build up this soil and find his returns are not very good.

That was the purpose of setting up this experimental station and it has met with a lot of enthusiasm throughout Alberta and I think throughout Canada among soil specialists. I realize that they have a great job ahead of them in their efforts to find an answer to the best way to deal with this type of soil. I am sure that once an answer is found it will prove to be of great value to the people of Alberta as well as to the people of Canada.

Some work has been done this year and they are going to hold a field day on August 7. I have invited the minister to attend and I should like to see the deputy minister and other officials of the department as well as the parliamentary assistant there on that day. It would do the parliamentary assistant a lot of good to visit western Canada.

So far there has been no superintendent appointed at this farm. I understand that efforts are being made to find a top soil expert to work there. Also the program should be expanded. I shall not go into the details but I simply wanted to make these few comments.

Mr. Pommer: Could the minister give some information as to the progress being made in establishing an illustration station in the Crystal City-Clearwater area in Manitoba. I had some communication with the minister in regard to this matter and I am wondering how it is progressing.

Mr. Gardiner: No further progress has been made since we were discussing it before. We have not yet selected any place there for a demonstration station.

Mr. Bryson: Apparently everyone wants an experimental station in his area. A peculiar type of soil is found in the area around The Pas and across the border in the Carrot river area of Saskatchewan and I understand that at one time the government was considering establishing an experimental farm in The Pas area. Is the establishment of such a farm under consideration at the present time?

Mr. Gardiner: There are considerable developments taking place in the Carrot river area both on the Manitoba and Saskatchewan sides of the boundary. Beyond the work which is being carried on there, no undertaking has been given up to the present time to put in a special illustration station. There is always a possibility that with the conditions which will develop when the drainage and diking system which is being put in goes ahead there may be a necessity for it.

Mr. McCullough (Moose Mountain): Mr. Chairman, I wonder if the minister could give us any information in connection with any experimentation that has been undertaken with respect to the feeding of wheat to hogs? I understand that there is a method being used by which the wheat content of the feeding formula can be increased greatly. I think every farmer knows that ordinarily you cannot feed much more than one-third wheat.

Mr. Gardiner: The general experience is that you cannot use more than one-third wheat in the grain mix when the hog has reached a certain stage in development. As my hon. friend knows, wheat has been fed to hogs in western Canada for a long time and it has been an important part of the mix. But care must be taken in feeding it, particularly if the hogs are confined to pens and not able to get out and run around a little. They are more likely to stiffen up if they are fed more wheat when they cannot run around outside.

Experiments are being carried on at all experimental farms and stations, and I am sure that nearly every farmer, particularly those in the west, is carrying on experiments as well.

Mr. McCullough (Moose Mountain): I do not know whether my information is authentic, but I have been told that some western hog feeders are feeding practically 100 per cent wheat successfully in the finishing of hogs. I was just wondering if that was the result of experiments by one of the branches of the department or by a private firm which has perhaps developed a supplement in order that a greater amount of wheat may be fed.

Mr. Gardiner: I cannot say that advice has been given that wheat alone could be fed under all circumstances and conditions. Frozen and rusted wheat and wheat of poor quality is being fed quite generally. I remember once driving into the yard of a man in the middle of Saskatchewan who had some of the

finest pigs I have seen running around the yard. I asked him how he got his pigs in that shape and he said, "Come, I will show you." He had them eating whole wheat out of a trough filled to the top with water, the wheat being in the bottom. I went back to the agricultural department in Regina, that being the closest point, knowing they had a lot of good information, and I told them what I had seen. They asked me whether the hogs were running around the yard, and I told them they were. They told me that if those pigs had been closed up in a pen and fed like that they would probably have stiffened up and been unable to move. I find in our own experience in feeding hogs that you can feed more wheat to them if they are running outside than you can to hogs that are penned up. No doubt farmers in general find that out.

Mr. Charlton: In view of the remarks the minister made regarding the Lacombe breed of hogs, I wonder whether he would tell us who has made the application to have these hogs registered.

Mr. Gardiner: The people breeding them on farms. They want to get them up to standard and they think they have a considerable number of them up to a standard where the breed is stabilized so that if you carry on on that basis you will get the hogs bred back to similar types. Some of them advocating that have in mind crossing them with some other breed of hog such as a York. Some of them do not say that the breed is so well established that you can be absolutely certain that they will breed back in type, but they say that if you cross them in a certain way with another breed of hog you will get a more rugged type and a hog that will produce more what you desire. They are trying to get a big ham with small shoulders and keep a considerable length to the hog at the same time. In other words, they are trying to get a hog more like the Danish and Swedish hogs without having them exactly the same, one that is more suitable to this country.

Mr. Charlton: I take it that some of the breeders who are working on this are not agreed as to whether or not they should be registered. As I understand it, the minister is not sure he is agreed either. From what he has said, it is not likely at this time that he is going to accept them for registration.

Mr. Gardiner: The national livestock records people have the suggestion before them now, but even if they were recognized as a breed the department would have to come to a conclusion as to whether we would promote their distribution right across the country in competition with the white Yorks, we have already spread right across the country.

Mr. Charlton: I take it that the minister thinks further experimentation should be done before this is done.

Mr. Gardiner: Yes.

Mr. Nicholson: The minister and I have had some differences of opinion on a number of occasions regarding the position of the farms. I wonder whether the minister would consider establishing an experimental farm in each province that would not be supported by public funds but merely so that someone under the minister's supervision could demonstrate in each province how easy it is to make a good living in producing the commodities which are produced in a particular area.

Mr. Gardiner: If my hon. friend had been listening last night, he would have found out that there are quite a number of them right across the country now. Last night questions were asked as to how returned men had got along paying for their farms. If I remember correctly, there were only 69 out of 2,637 who had not been able to take care of all their indebtedness in connection with their farms up to the present time since the war.

An hon. Member: Since the first world war?

Mr. Gardiner: Some of them since the second war and some of them since the first. But I should just like to point out that there are some people who make a success of farming under the conditions we have had and I do not think there are very many who would not agree that if they could not make a success of farming under these conditions they probably would not under any.

Mr. McLeod: I do not like to let this item pass without paying a tribute to the Minister of Agriculture and the officials of the experimental farms service. I happen to represent the area that has now become the leading dairying district of British Columbia, that is, the area from Vernon to Salmon Arm. Since coming down here, it has been my privilege to work in the interests of these dairy men in trying to have an experimental substation established in that area under the jurisdiction of Summerland. I must say that from Dr. Goulden, Dr. Woodward and Mr. Barrett I have had wonderful co-operation. I understand that at the present time Mr. Barrett is in that area looking over the situation and I trust that he will come back with a favourable report and that we shall have established in that area the kind of service to which we

feel we are entitled and which his department seems to think is worthy of consideration.

Item agreed to.

Central experimental farm, including research and co-ordinating divisions for the experimental farms service—

13. Operation and maintenance, including a grant of $5,000 to the international congress of genetics to assist in defraying the costs of the tenth international congress of genetics to be held in Canada in 1958, $2,428,466.

Mr. Cardiff: I should like the minister to explain to us just what the International Congress of Genetics is.

Mr. Gardiner: They are the animal and plant breeders, as the term indicates.

Item agreed to.

Central experimental farm, including research and co-ordinating divisions for the experimental farms service—

14. Construction or acquisition of buildings, works, land and equipment, $306,000.

Mr. Nowlan: I have a question to ask with respect to the branch experimental farms. I noted that some of those questions were asked on item 12, but I waited until this particular item came up. I certainly wish to join with other hon. members who have referred to experimental farms in their own constituencies.

This afternoon the minister gave us a breakdown of the expenditure on the experimental farm at Kentville, which is largely dealing with the production of fruit. I can assure the minister—and he certainly needs no assurance—that the staff there is doing excellent work and the moneys being expended on the operation of that farm are doing a tremendous amount of good for the fruit industry and for agriculture generally in the province.

My question has to deal with one particular item. I think I raised it three years ago, at which time the minister said he would look into it. Apparently, when the farm first started many years ago, part of the land was bought by the provincial government. After some time the provincial government decided to vacate the field of experimental farms, and some working arrangement was entered into between the province of Nova Scotia and the federal government whereby the federal government would take over the farm. That continued until two years ago, and then, when the matter of municipal grants adjustments came into effect, the town of Kentville checked up to see how many federal buildings it had within its boundaries, and it found it had X dollars' worth. The matter was taken up with the Department of Finance, and as a result the town council received a grant under the municipal grants fund. Then a new administrator took over and apparently he was meticulous in checking the records. He went to Kentville and checked the deeds, and he found that the dominion government had built the new science laboratory on land that belonged to the provincial government, and not to the federal government, and that the federal government had no title to it.

At that time the late premier was having his own ideas about what moneys were owing to the provincial government by the federal government and he said that not only would he not deed the land to the federal government but that he would sell it unless they made an adjustment on what he thought was owed to the provincial government. So we had the situation then that the title to a substantial part of this farm, including the part on which the modern buildings had been built, vested in the provincial government rather than the federal.

The minister at that time said he would take the matter under consideration and see what could be done. Frankly I do not think much could have been done at that time because of the feud, shall we say, engaged in by the two governments over the amount which Nova Scotia claimed was owing to it by the federal government. I wonder whether the minister has had that matter straightened out as yet. I am told that it has been brought to the attention of the department year after year but it was taken as one of those friendly family arrangements over which no trouble would ensue, and finally it did. I think it is something which should be dealt with now. Where the federal government has constructed buildings it certainly should have title to the land on which the buildings are built; otherwise there may be another feud some day.

Mr. Gardiner: It is true that the property at one time belonged to the province and there was an arrangement made whereby the federal government took over the experimental farm. There was some difficulty about the title up until about two years ago, I think, but title to all the land is now in the federal government. There was one building which was built on land that belonged to the province. The title to that land has also been turned over to the federal government, so we have all the titles now as far as we know.

Item agreed to.

Branch experimental farms, substations and illustration stations—

16. Construction or acquisition of buildings, works, land and equipment, $2,122,000.

Mr. Pommer: Could the minister give us a breakdown as between provinces with respect to item No. 16, a vote of $2,122,000? Could we also have the amounts for Manitoba and where they are to be spent in Manitoba?

Mr. Gardiner: There is a considerable list. There are some small items and different amounts for construction and equipment. I wonder whether the committee would agree to this list being published rather than my having to read it all.

The Chairman: Is that agreeable?

Some hon. Members: Agreed.

Mr. Gardiner: The table is as follows:

Branch Farms and Stations

Place	Construction	Equipment
St. John's West	$ 12,750	$ 3,460
Illustration stations	-	41,947
Charlottetown	51,000	16,480
Summerside	–	1,250
Kentville	34,200	11,100
Nappan	23,800	16,720
Fredericton	53,000	23,160
McDonald's Corner	500	1,850
Ste. Anne de la Pocatiere	43,500	19,425
Lennoxville	62,030	15,764
L'Assomption	30,400	9,620
Normandin	–	8,690
Ste. Clothilde	13,530	2,400
Caplan	1,700	2,990
Harrow	14,700	15,180
Delhi	–	8,690
Woodslee	2,350	5,500
Kapuskasing	94,180	16,086
Smithfield	7,500	5,550
Winnipeg	7,940	51,482
Morden	3,000	12,810
Brandon	19,200	7,833
Melita	–	4,325
Portage la Prairie	7,675	–
Saskatoon	42,650	4,385
Indian Head	32,719	18,455
Regina	19,750	9,439
Indian Head F.N.S.	65,000	10,827
Melfort	11,950	17,740
Scott	38,000	15,490
Sutherland	8,200	4,186
Swift Current	27,410	52,195
Swift Current Soils Lab.	–	2,350
Lethbridge	43,700	39,828
Lacombe	29,050	21,356
Manyberries	37,770	24,078
Beaverlodge	126,700	17,344
Fort Vermilion	56,000	8,250
Vauxhall	3,200	13,112
Stavely	1,500	7,565
Summerland	154,500	14,745
Kelowna	–	1,175
Agassiz	59,400	21,982
Saanichton	24,650	9,311
Prince George	24,390	8,915
Smithers	30,650	6,506
Whitehorse	1,000	6,200
Substations	20,500	42,735
Kamloops	23,850	12,175
Fort Simpson	1,400	1,450
Fire fighting	–	25,000
Unallotted	–	36,000
Sub total	$1,359,219	$762,781
Total	$2,122,000	

Item agreed to.

Production service—

17. Production service administration, $78,515.

Mr. Herridge: Mr. Chairman, I want to speak for a few moments on a question that I am quite sure will appeal to the minister as a member of a Christian church and a practising Christian, except temporarily possibly at election time, and perhaps we are all sinners in that respect. Anyway, I hope the item I wish to mention will appeal to his Christian conscience and give him a further opportunity to practice those principles in which he believes.

The subject I wish to mention is the question of the humane slaughter of animals, a question which is receiving wider interest across the country every year. The reason most Canadians have not been interested in the matter is that they do not know the facts. They do not know about the cruelty that exists in our packing houses across the country and almost to the same extent in the United States.

The reason they are beginning to know is the good work done by various organizations and associations which have given some consideration to the question, studied methods of killing, written pamphlets and taken their time to acquaint their fellow citizens with the situation that exists in so-called Christian Canada. The matter has received a particular amount of attention in British Columbia, and on that account a committee of the society for the prevention of cruelty to animals went before the agriculture committee of the provincial legislature and made a very good case indeed. Their representations had a great effect on all members of the committee, regardless of party. They were so impressed and affected that when the representations had been completed the committee adopted the following paragraph in its report to the legislature, as found in a news letter of the humane slaughter association:

On February 29, 1956, following representations by the S.P.C.A. and our own association—

That is the humane slaughter association.

—the select standing committee on agriculture of the provincial legislature reported as follows:

"Your committee heard representations from the humane slaughter society, the society for the prevention of cruelty to animals and the Canadian association of packers with regard to the merits of humane slaughtering of food animals and the difficulties arising from such methods. After due consideration, your committee recommends as follows:

The committee expresses sympathy with the ideas expressed by the humane slaughter society and strongly recommends that the federal and provincial departments of agriculture make a thorough study of all aspects dealing with this question with the object of putting into effect the most humane methods possible in the killing of food animals."

This is a question that has received a great deal of attention in the United States and by a number of very prominent congressmen who are concerned about our present inhumane methods. Just to indicate the interest

I am going to quote from two or three news articles in this connection. The first is an editorial in the Detroit *Free Press* of June 5, 1956, in which I find the following:

> A measure of civilization's height is the degree to which it puts aside barbarism and cruelty in all their aspects. If means for slaughtering livestock are available which will stop any present suffering by the slaughtered animals, it seems to us that the civilized thing to do is require their employment.

Then we have the New York *Daily Mirror* of June 22, 1956. In an editorial it had this to say:

> Packers from Finland to Fiji have installed humane killing devices that make our slaughter houses look and sound like medieval dungeons. . . . Something deeper than a squeamish repugnance toward blood motivates those who would see swift reform. It is the abiding conviction that callous brutality has no place in our society.

Then I refer to another editorial in the *Christian Science Monitor* of March 16, 1956, containing these words:

> Bills are pending before the committees of both the Senate and the House of Representatives to require humane slaughtering in the United States.

In the issue of May 31, 1956, I find the following:

> Most Americans would be surprised to learn that the United States is a backward country, in one respect at least. It is 25 to 50 years behind many European countries in the development of humane methods of commercial animal slaughter.

The same applies to Canada at this time. I am not going to detain the committee longer. I have simply mentioned the matter and brought the facts to the minister's attention. I should like him to tell the committee what representations he has received and what his department intends to do to bring us at least up to the standard of the Fiji islanders in this respect.

Mr. Gardiner: There have been representations made to the department. The officials have been gathering information from countries like Sweden, Denmark, Britain, the United States and elsewhere as to what is being done in those countries, and they are accumulating as much information as possible before making any decision with regard to the matter.

Mr. Herridge: The matter is under serious consideration?

Mr. Gardiner: Yes, and has been for the last six months.

Mr. Charlton: Is the minister going to comment on the matter I brought to his attention on the first item, regarding the administration of the production service and having the veterinary services under the production service? I see that well over $6 million, and it is well over, out of a total of $11,207,835 has to do with veterinary services, either research or disease work. I wonder whether the minister would give us some idea of his feelings in this regard, and tell us what is the policy of the government at this time.

Mr. Gardiner: The amalgamation of these two branches is to be made on the first of April next. It is now being worked out and will be brought to completion around that time. I refer to the health of animals and pathological divisions.

Mr. Charlton: As a separate branch?

Mr. Gardiner: They will still be under production services.

Mr. Charlton: I take it that animal disease research work and disease work are to come under one head but still under production service. I sincerely suggest that is not what the veterinary association has requested. I can see very little advantage in doing that. As I say, I do not want anybody to misinterpret my words as being directed personally to anybody in the department. However, it is the feeling of veterinarians across this country that they probably could be of better service to the nation if there were one separate branch of animal disease services or veterinary services or whatever you want to call it. They think it would be better if the two branches or divisions were in one separate branch, whereby the head of that branch would go directly to the deputy minister rather than having to go through a layman to get to the deputy minister.

That is the feeling among the veterinarians across the nation. I sincerely suggest that the minister give further consideration to the proposal, and that rather than just bring them in under the production services he make a separate branch of the department having to do with animal diseases or animal research and diseases.

Mr. Gardiner: When I came to the department over 20 years ago that is as it was, except that both these divisions were separate 20 years ago, as I recall it; it may have been less than that or it may have been a little more. These different branches reported directly to the minister or to the deputy minister. I reorganized the department to put it as it is now, in five divisions the head of each reports directly to the deputy or to myself. The two branches that are referred to are under production services; that is, they will be under production services under the new set-up.

We think it is the better way to have it and we do not think we should start to get back to where we were previously. There

are many other divisions in this department which think they too should have the privilege of dealing direct. Whenever anything important comes up and they require to bring it to either the deputy or the minister, of course they are free to bring it. But when we get together groups to discuss what we are going to do by way of policy and so on, we deal directly with about half a dozen people instead of dealing with every branch in the department. It does not work in with the general organization of the department to have that particular section reporting directly through the veterinary director general. It does not suit the set-up of the department in general to have that made special.

I may say that I get requests from people outside of the department every once in a while that a certain person with whom they come in contact from time to time be put into the position of dealing directly with the minister or the deputy minister. On those occasions I have taken the position that the way in which the department is organized—and we think it is a better system of organization than was there previously—

Mr. Charlton: The position here is not quite the same as it is elsewhere. I would suggest that this is a little different, because you are dealing with one aspect of the livestock industry in this nation, namely the health of animals. I do not think the minister could mention another part of his department that is comparable, where you have two separate divisions. Now he says they are to be brought into one but still under another head, and it will be between the director of the two divisions and the deputy minister.

This is one of the most important branches of the whole department, I would suggest, because when the health of animals is to be considered it is a matter of great importance, as we all know after what we went throguh in 1952. The production service is an extremely important branch. As I said, I realize that quite a bit over half of that work now has directly to do with the health of the animal population of this country. Hence it is quite an arguing point to have a separate branch when there are other branches that spend very little more—no, not any more; there is one other branch that spends less, as a matter of fact, than the animal pathology branch and health of animals, compensation for animals—than does this branch. So I hope the minister will give further consideration to this suggestion. I am sure he will hear further from the Canadian veterinary association with regard to this matter.

Mr. Robinson (Bruce): I am not sure whether or not this is the right item under which to deal with this matter, but it is pertinent to the discussion. I should like to inquire of the minister whether he can tell us whether the test for reactors all over Canada is panning out satisfactorily and whether the percentages are coming down gradually. Can he give us a comparison with regard to T.B. reactors?

Mr. Gardiner: I wonder whether the hon. member would mind leaving that matter until we come down to item 21, "Compensation".

Mr. Robinson (Bruce): That will be fine.

Item agreed to.

Animal pathology—

18. Operation and maintenance, $715,074.

Mr. Charlton: There has been considerable controversy particularly over two diseases. One is rabies, with regard to which I want to commend the department for looking after us very well. The other is scrapie disease in sheep. A great many stories are going around. How much truth there is in them I should not like to say. In view of the fact that very little is known about the disease of scrapie in sheep, I think probably it is one of the most important things the health of animals branch has to deal with at the present time; also in view of the fact that there are still in the country many suspected sheep that have come from flocks that have since been destroyed. A great many of these sheep are scattered around various districts in Canada. They are not even all under surveillance. We assume, however, that most of them would be under surveillance.

In view of the fact that so little is known about the disease I would sincerely suggest that the department should be taking into serious consideration the setting up of some research, or else taking the results of the research of other countries such as England, for instance, where you would think they would know more about this disease inasmuch as they have had to deal with it much longer than have we, and co-operating closely with the department in England along that line.

The disease could be very costly to the sheep industry. I am not sure about this, but I understand that one entire flock was destroyed last year. If they pay as much for all sheep as was paid for that particular flock, I say that it could be very costly, because I understand the amount was up almost in the $100,000 bracket for some 600 head of sheep. I do not know where I would ever be able to find a flock of sheep, counting the lambs and all, that would average anywhere near that price. I wonder whether the minister could give us some assurance that all the stories we hear are not true,

and whether he could tell us what the department is doing in this regard. As I say, it is a very serious matter and is looked upon as being a very serious matter by the sheep breeders across the country. As a matter of fact they do not know where they are going. They do not know how many sheep they can export or when they can export and when they cannot.

Mr. McCullough (Moose Mountain): The minister will recall that before the lunch hour, I brought this matter up and he suggested that I should wait until we reached item 21 before we discussed it. If it is quite in order to discuss it on this item I should like to continue with what I said this morning, namely that it seems that this sheep ailment called scrapie is a very serious disease.

In view of the fact that five or more flocks have been affected by this disease in the past few years, I think it is important to have as much information given to the sheep breeders throughout the country and to this committee as possible. My question this morning of the minister was whether or not any detailed findings had been made after the slaughter of the 500 purebred sheep of P. J. Rock and Son of Drumheller, Alberta, and whether or not the blood samples, which I understand were taken at the time, have revealed anything in respect to the cause of this disease or any method by which it could be controlled.

I have further questions to ask in respect of the compensation paid for these animals, but I wonder if the minister would be prepared now to comment on the questions I have put to him.

Mr. White (Middlesex East): Before the minister answers, there was a question or two to ask along that same line. Have any sheep been slaughtered and transported to Hull for examination or experimental purposes during this past year, which were suspected of having this disease? Has any compensation been paid to any Ontario farmer for sheep so destroyed?

While I am on my feet, I neglected to say earlier that sometimes we are in a hurry and forget to pay tribute to those who are responsible for some of the things we now enjoy. I want to point out that back in 1886 Sir John Carling, who was then the member for London, was the man who inaugurated the experimental farm in Ottawa, and Mr. Saunders from London was the first director. Sir John Carling was the first minister of agriculture in the cabinet of Sir John A. Macdonald.

Mr. Smith (Battle River-Camrose): Before the minister replies to this question dealing with scrapie, may I point out that we in Alberta are very much concerned about the appearance of this disease amongst the sheep flocks of the province. I have in my hand an item taken from the Manitoba *Co-operator* which deals with the scrapie outbreak to some extent, and I should like to read a brief section of this article which is referring to Dr. Swales, who I believe was at one time associated with the Department of Agriculture as an animal pathologist:

> The incident Dr. Swales referred to was a purebred flock in the Ottawa valley of Ontario. About 1947 Scrapie was found in it and was traced to an imported ram. The flock was destroyed and compensation paid.

If that report is true, then this outbreak of scrapie that occurred in Alberta this year is not the first instance of scrapie in Canada. I mentioned that we in Alberta are concerned about this disease. We are particularly concerned about a number of rumours associated with the disposition of the flock of sheep which belonged to Mr. P. J. Rock. Before this question is closed I should like the minister to inform us as to the number of sheep which were slaughtered and for which the federal government paid compensation, and the amount of compensation paid.

I should like also to have the minister give the committee some assurance that the registrations of the purebred animals, which at this time were slaughtered, have been called in, because there is just the possibility that with a large herd like this being slaughtered some substitutions could be made. I certainly do not believe the minister would want this to happen. I want him to give us assurance that every care was taken to see that the animals paid for were the ones on the registration forms turned in.

Mr. Gardiner: As I think is generally known, Mr. Chairman, scrapie is a disease among sheep which has been known in Great Britain over a very long period, probably 200 years. We have not had a great deal of experience with it here, although we have available to us all the information which is available in Great Britain and elsewhere if they have had it.

In so far as the situation here is concerned, I think it is correct to say that there have been three outbreaks. There were three farmers concerned in the first one and there have been two others. In 1945-46 the number of animals slaughtered was 102. The farmer was Mr. Baldwin, and the amount paid was $2,131.33. Then in the outbreak in 1951-52, which was traceable to the same outbreak, there were 65 sheep belonging to Mr. Tisdale and $2,244 was paid. In 1952-53

there were some 11 sheep destroyed belonging to Mr. Charter and $525 was paid. Then in 1954-55 Mr. McQuay had 108 slaughtered and the compensation paid was $8,100. Mr. Rock in 1955-56 had 674 sheep slaughtered and they were all registered. There is not any question about them being slaughtered or of their being substitutions. The compensation paid was $100,050. The sheep that had been sold from the flock were all traced and it was proven that there was no scrapie carried along with them into any of the other flocks. I think, therefore, the matter has been pretty well cleared up for the present.

On the questions which were raised by the hon. member for Moose Mountain I think the answers are as follows. Sheep specimens collected in Alberta for the study of scrapie are part of the project to study causative agents of the disease, pathological changes, and the search for sero-aglutination blood tests which would indicate the presence of the disease prior to the establishment of clinical symptoms. The progress of this type of project is invariably slow, for the first thing that must be done is a thorough micropathological examination of the brain and spinal cords. This work is now being done. A search is also under way for a causative agent in the spleen, liver and kidneys, but no results are yet available from this work. Blood samples collected have been separated and the blood serum has been frozen for future use in the establishment of diagnostic tests.

Mr. Smith (Battle River-Camrose): I should like to ask the minister if he can explain the vast difference in prices paid by way of compensation for the sheep that have been slaughtered. For example, I find a rough calculation shows that for the 11 sheep slaughtered in 1952-53 the compensation was approximately $50 a head, while the compensation paid to Mr. Rock was over $100 per head. Why the tremendous spread? Sheep have not changed that much in price, and I take it they were all purebred.

Mr. Gardiner: Well, the Rock flock is looked upon, or was looked upon, as one of the best flocks, if not the best flock, in the world in that breed. They were very highly pedigreed. The sheep were being sold not for the ordinary purposes of putting mutton on the market, or lambs on the market, but for breeding purposes at prices higher than the government agreed to pay. As a matter of fact there was considerable negotiating and inspection work done to determine whether this was a reasonable amount, and it was decided that it was.

Mr. McCullough (Moose Mountain): On my own responsibility I want to say that I feel there should be a ceiling on the amount of compensation paid to an individual. We should have reasonable compensation. It should meet as nearly as possible the justice of the situation. If a man has high quality stock that must be destroyed, then he should receive reasonable compensation. I wish to join with the hon. member who has just spoken and say that there does seem to be great discrimination in the amounts of payments made for various sheep that have to be slaughtered.

I also want to make a point which I think is borne out by the amount of compensation paid for purebred cattle in the various areas of Saskatchewan at the time of the outbreak of foot and mouth disease. I have heard it said that Mr. Rock is a well-known Liberal in the Drumheller area. Whether or not that has any implications I cannot say, but on my responsibility as a member I say I believe the compensation of $100,000 for 600 sheep perhaps is too large an amount. I think we need to have at least a limit on the amount of compensation paid to one individual. If we have such big operators they should stand a larger amount of the loss. I believe that our smaller operators or smaller farmers are the people who should be looked after and given a chance. If Mr. Rock had that sort of holding he should be in a position to take care of some of his losses.

Mr. Gardiner: Mr. Chairman, on the question which is apparently uppermost in my hon. friend's mind, I had not understood that Mr. Rock had always been a Liberal. If he has been a Liberal in recent years it must have been because he, like some other people, was converted to Liberalism. He does not live in Saskatchewan, so it has not concerned me particularly.

Mr. Rock has been one of the outstanding breeders in the province of Alberta, not only of sheep but of cattle. His flock of sheep has been very well known not only in this country and in the United States but also on the continent of Europe. There has been a lot of trading back and forth.

I am not going to argue the question as to whether the sheep were worth that much; I do not know of my own knowledge, but I would like to correct a figure I gave when I spoke on the matter. There were 674 of these sheep. If a person wishes to figure out the actual amount it comes to about $150 for each of them. That price for sheep that were going to be used for mutton, of course, would be a high price. There was not that type of sheep in this flock. It was a very well-bred and highly registered flock of sheep.

It is true there were some lambs. The lambs when they grew would be in the same class as the others. The very best of attention was given to the valuation, and I know that it was gone over very carefully. There was considerable time before an agreement was reached. The final agreement was reached and a settlement was made in accordance with those figures.

Mr. Johnston (Bow River): How many lambs were in the flock?

Mr. Gardiner: I do not know offhand; I have not the information with me. As a matter of fact, I was out there myself in connection with some of the investigations, and men from here were out there. I know that everything possible was done to make that settlement for the slaughter for this very fine flock of sheep as acceptable to everyone concerned as it could possibly be made.

Mr. Johnston (Bow River): Mr. Chairman, I think the minister should be able to give us an approximate idea of the age of the sheep. How many were six months old or under; how many were one year old? That does make a tremendous difference. If you have a flock of 600 sheep and half of them are a year old and another half six months old and you are paying around $160 straight through, I would think that would be an outrageous price.

Mr. Gardiner: If my hon. friend will make that notice of question, the information can be made available. It is not here. I will have it brought down in the house on Monday, or just as soon as I can bring it down.

Mr. Johnston (Bow River): I do not think we need to make it an order for return or anything like that. The minister should bring the information down. That is all that is necessary.

Mr. Quelch: I should like to speak on this matter. I have lived in the same district as Mr. Rock for many years. He is recognized as one of the outstanding breeders, as the minister has pointed out. P. J. Rock and the Grenville brothers are probably the outstanding sheep breeders of western Canada. While $100,000 does seem a very high price to pay in compensation, on the other hand one has to keep in mind the fact that many of Mr. Rock's sheep have been sold at sales for well over $1,000 a head. I remember that one ram sold for $3,000. I do not doubt for one minute that if the flock had been valued in terms of the prices he had received at the purebred stock sales the figure would probably have been considerably in excess of $100,000.

I understood that the number of sheep was in the neighbourhood of 500. I suppose that during the time the investigation was being made lambing time came around, and no doubt by the end of the consideration that was given to it the number had increased from 500 to 674, on account of the lambs. I believe that the figure that was worked out was worked out on the original basis of the 500 rather than on the 674.

Mr. Gardiner: I understand they were all valued individually.

Mr. Quelch: I thought they were figured out on a flock basis rather than on an individual basis. I just wanted to point out that I have been in close contact with both the Rocks and the Grenvilles. I do recognize that they are outstanding breeders, not only of sheep but of shorthorn cattle. They are also outstanding in the grain business.

The Rock farm is not merely a sheep farm; it is a private experimental farm. It has been a show place in western Canada. People come from hundreds of miles away to visit the farm and see the type of work that is being done there with stock. Therefore possibly the price of $100,000 is not out of the way.

As was mentioned, the question of compensation is a difficult one. If in one case a man is paid a very high price and in another case another man is paid a lower price, many people will feel that perhaps there is discrimination. I do not know how much loss an individual farmer is supposed to stand and how much the government is supposed to stand.

Perhaps the minister can explain that point. Is the compensation supposed to represent the actual value of the flock, or is the individual supposed to stand a certain amount of the loss and the government a certain amount? I agree with the minister that actually that flock was probably worth more than $100,000 in terms of the price that could have been received had they been sold at purebred stock shows. I am just wondering whether or not the government does feel that it should pay the full realizable value of the flock?

Mr. Gardiner: The valuation of the flock was made by independent valuators who were brought here from the United States to do the job. They valued the sheep at $160,000, and the amount paid was $100,000, which is $60,000 less than the sheep were valued at.

Mr. Smith (Battle River-Camrose): I would like to have some assurance from the minister before we end this discussion that the

registrations of these purebred animals have been turned in to the department. Have they been turned over?

Mr. Gardiner: Yes, they were all turned in to the department.

Mr. Smith (Battle River-Camrose): I have just one comment to make before I sit down. I think the Minister of Agriculture is slipping if he did not visit Moran and find out that Mr. P. J. Rock is one of his supporters. I really believe he had better retire.

Mr. Charlton: The minister gave the amounts which have been paid, and they indicate that in the case of the first flock of sheep, or the first herd, as the minister refers to them, an average price of $20 was paid; in the case of the next herd the average price was $30; the next one was $40; then in 1952 the average was $80, and now we have $150.

I suggest that this is the only case where anywhere near the actual value has been paid for livestock. Thousands and thousands of animals are killed every year under the instructions of the department because they suffer from infectious diseases, and never before has anywhere near the actual value of the animals been paid. There is supposed to be a limit in the case of sheep under the Animal Contagious Diseases Act, and there is also a limit for hogs, for cattle, both purebred and grade animals.

Here we have a herd of some 600 sheep.

An hon. Member: A flock.

Mr. Charlton: The minister has referred to it as a herd, so we will go along with him on that. The minister does not know how many lambs there were, how many yearlings there were and how many adults there were, but an average price of $150 was paid. I have never seen a flock or herd of animals yet where there was not one animal in the herd which would warrant an extremely high price, say $30,000 or $40,000 in the case of a bull, but the average price for the herd would not be anywhere near that figure. The price for sheep under the Animal Contagious Diseases Act is low in comparison with the price for cattle, but I would say that never in the history of this country have we paid that much for a whole herd of cattle which have been slaughtered under the instructions of the department. I do not think $160 per head has ever been paid for cattle. I should like to know if the meat was used when these sheep were slaughtered, and who got the value of the meat.

Mr. Gardiner: They were all buried.

Mr. Charlton: That gets rid of that one then. In the case of cattle it is true that the man gets the value of the meat in the case of those not sent to the tank, but I do not think there has ever been a case where a herd of cattle, no matter how good they were, no matter whether they were registered animals, show animals, highly-bred animals, have brought that price as an average for the herd.

Mr. Gardiner: In the case of the foot-and-mouth disease the animals were paid for on the basis of the market value, and the price paid was more in the case of purebred herds than in the case of grade animals, but no one contended that it was less than they could have got for those animals otherwise.

Mr. Charlton: It is easy enough to bring someone in from the United States to put a valuation on the flock. We do not know who the men were. I do not know anything about Mr. Rock, although I understand he is very prominent and is well known in the United States, Great Britain and Canada for his success in the show ring and for the prices he has received for his animals. But I still say it is a tremendous price to pay for sheep.

If the price keeps going up the way it has over the last five years and the department makes it attractive to lose sheep infected with scrapie, they may find it more difficult to get rid of this disease. We had this experience with tuberculosis a few years ago, when people purposely had their cattle react because they could get a better price that way than any other. I suggest that the same thing is likely to happen in connection with scrapie, and it will be very hard for the department to trace these things. It has been suggested that there were some substitutions made in this flock before the date the animals were slaughtered and buried.

Mr. Gardiner: They had all been checked.

Mr. Charlton: Can the minister stand up in this house and say that they were checked every time the departmental officials went out? Can he say that the ear tag numbers were taken on the first visit that was made to the flock, and that the ear tag numbers were checked with the ear tag numbers of the animals which were buried?

Mr. Gardiner: My hon. friend will understand that I must depend upon my officials, and they tell me that they were all checked as soon as it had been established there was scrapie in the flock, and all those which had gone out before that were traced right through to their destination as far as that was possible in order to establish that there was no disease. Certainly there were no transfers after the scrapie was established. If sheep had gone to the United States with this disease or had carried it somewhere else, you had to go there and find it. They

did go there. All these examinations were made and as nearly as it can be said by anyone, I am quite prepared to stand here and say that we take the responsibility in the department for saying that no such thing did happen.

Mr. Charlton: The minister is saying, then, that after the disease was diagnosed all ear tag numbers were taken, but I say to him that the disease was not diagnosed until many months and many years after it was suspected. What happened from the time it was suspected until the inspection was made? I suppose inspections were made to find out whether the disease had made any progress in the flock. Otherwise how would you know when to take out animals and send them to be slaughtered? If the flock was not inspected at intervals how would you know that there were any diseased animals? I understand the incubation period for this disease is two or three years, but very little is known about it.

The ear tag numbers may have been taken at the time of the first inspection of the flock, but what about sheep that had not yet been tagged? I admit that it would be an almost impossible job with 600 sheep. It would probably take days to check the ear tag numbers. I do not know how the inspections were made of this flock previous to the time the disease was suspected. This flock was brought to Toronto and shown at the winter fair just previous to the time the infected sheep was found, and the disease diagnosed as scrapie. So there are probably hundreds of sheep across the country now that have been in contact with sheep of this flock, and that is what makes it so alarming to the sheep breeders, especially in Ontario.

I do not know if all the sheep that were sold from this flock at the Royal winter fair last fall have been kept under surveillance and are being quarantined, whether any of them have been destroyed or what has happened to the sheep that came out of that flock. It should be known where every sheep is that was sold out of that flock in the last five years. I know how difficult it is for the officials, but I want to point out how serious it is. Perhaps the tags were removed. The minister knows as well as I do that things like that go on with registered livestock across this country, the switching of ear tags and so on. I am not suggesting it was done, but there are stories being circulated that some of these sheep that were supposed to have been destroyed and buried are still in the country. I think it is very important that we should know for sure whether it was done.

Mr. Gardiner: The men responsible for doing the job are sitting in front of me and they say it was done. That is all I can tell you. Every type of sheep you mention has been traced right through and is still being checked, and no scrapie has developed as a result of any of them. The hon. member speaks of there being sometimes hundreds and sometimes many more, all of which gives the impression that probably the thing could not have been done. But I am told by the officials that it was done, and that every sheep that came down to the exhibition at Toronto and was sold and delivered has been traced right into the flocks where it is, and none of them has scrapie or any sign of it.

Mr. Charlton: That was not my question.

Mr. Gardiner: As a veterinarian you can figure out all kinds of things, but there are as good veterinarians sitting here. They have gone all over it and checked it from every point of view, and they indicate to us that there is no possibility within reasonable limits of following these things up of scrapie having been carried from this flock elsewhere. The flock itself is all underground, buried.

Mr. Charlton: There are two questions the minister did not answer. One was, were the ear tag numbers taken on the first inspection of the flock? The second was, is every animal from that flock isolated, or are they being used for breeding purposes now in other flocks across the country? They might know where they are, but are they isolated from other flocks?

Mr. Gardiner: Right from the time the disease was diagnosed the ear tag numbers were taken. I venture to say that my hon. friend does not get all the tags on all the nursery stock he has sold, as to whether there was disease in the roots and so on. It has been done just as carefully as it can be done. There is, of course, the question as to whether too much was paid. That is a legitimate question to raise. We do not think too much was paid. We only paid what we thought ought to be paid. Outside of that I do not think anything could have been done that has not been done.

Mr. Charlton: I have tried to keep strictly away from personalities in this discussion and I do not appreciate the minister's remarks regarding nursery stock, although perhaps it is true. His department inspects it. I do not think we have had anything go out that has not passed inspection.

The minister still has not answered my first question. Apparently the ear tag numbers were not taken. I have to assume that there were no ear tag numbers taken previous to the time the disease was actually diagnosed as scrapie. I am not saying this is

wrong and it should be done this way, but I am saying it is dangerous. What has been told might quite reasonably be true under those circumstances. I am not saying it is true, but the people who tell these stories know. That is all I am suggesting.

Mr. Gardiner: Bring them to the department.

Mr. Charlton: If the ear tag numbers were not taken prior to the diagnosis, then there was plenty of time from the time the disease was established until the disease was diagnosed for a good many things to happen.

Mr. Gardiner: The ear tag numbers are all here, as my hon. friend knows. Those sheep were all registered, and the ear tag numbers were all known here, no matter when they were sold. The transfers are all registered. There is no great difficulty about tracing sheep that were there even ten years before the scrapie was there. But to say that every one of those sheep will have to be traced right back to the time Rock started to set up his flock, I do not think that is expected.

Mr. Charlton: No one is suggesting that.

Mr. Gardiner: It might be said, "Perhaps you should know where all the sheep are that went out of that flock, say three months before the disease was in existence at all." That could probably be done and perhaps has been done. We can certainly find out where they went. Every flock that had any possibility of contamination through shipments of sheep from this flock has been checked. I know that rumours go around about things of that kind, but if one wants to follow up all the rumours there is no way of doing it. If any person mentions to any member of the house that he knows of these sheep, refer him to the department. It does not have to be a matter of publicity, but let him certainly come to the department and make known what he knows, and it will be checked right to the minute.

Mr. Charlton: There is still another question the minister did not answer, and I think it is very important; that is, whether or not all the sheep sold from the flock within the past two or three years, say, which we assume is the incubation period for the disease—as far as we know it is two or three years—have been isolated. Are there any of those sheep across the country today that are not isolated from other sheep, or are they being used for breeding purposes anywhere?

Mr. Gardiner: There would be nothing gained by isolating them. They have been in the flocks, and the flocks have been checked and they are still under observation.

Mr. Charlton: The entire flock?

Mr. Gardiner: The entire flock where the animal is. That is, if Rock sold an animal into some particular flock, that flock is still under observation.

Mr. Charlton: I am glad to hear that the whole flock is under observation. However, as this, we assume, is a hereditary disease, would it be good judgment or common sense to keep on using one of those rams, for instance, to breed ewes now after knowing it came from the Rock flock? Even though he were used for a year or only two months, would it be good common sense to keep on using him and have him breed several more ewes, knowing he is from the Rock flock?

Mr. Gardiner: My hon. friend is again assuming something with which I think no expert agrees. No one agrees it has been proven that the disease is hereditary.

Mr. Charlton: Not proven, but it is certainly the assumption by some authorities.

Mr. Gardiner: It is not known that it is hereditary. All these matters that are being referred to are naturally under consideration in the observation that is being made of the flocks. The disease has been in existence, as I said a few minutes ago, in Britain for at least 200 years. They do not know the answers to these questions now, and I do not know that they will know them after we are all through with the observations that are being made, but the observations are being made, and in so far as can be found there is no trace of it elsewhere.

Mr. Charlton: I suggest that it might be easier to get the answers now than it has been in the past 200 years.

Mr. Gardiner: It may take part of the next 100 years to get them through.

Mr. McCullough (Moose Mountain): Mr. Chairman, usually the minister is able to answer any questions put to him about his department pretty explicitly. I find, though, that in the discussion of sheep most of his answers are quite woolly. I also think, as far as the compensation of $100,000 that has been paid is concerned, that the people of this country have been fleeced. I believe these terms are appropriate, and I also think that perhaps $100,000 is rather large compensation for any political support that may be forthcoming from this individual. The minister did not answer my question, and I was quite serious about it.

I understand there was an attempt made to diagnose the disease, scrapie, and that brain samples have been taken of the condemned animals. Can he tell the committee if any findings have been made which would lead to establishing the cause of the disease and a method to control it? That is my first question. My second question has to do with certain statements made by other members of the committee in which they have tried to indicate that sheep from this flock have gone throughout the country and apparently also have gone, according to certain press reports, to many parts of the world.

I have a press report here indicating that a flock of 502 Canadian sheep have been flown to the Dominican Republic to improve flock blood lines in that Caribbean country. It indicates that many of the sheep came from the flock of P. J. Rock of Calgary. Incidentally, the date of the press report is March 17, approximately the same date as the discussion that took place in the house with respect to the action taken by the government to destroy many of the sheep in Mr. Rock's flock. I would ask the minister if he has any report to make on the sheep that have been shipped to the Dominican Republic. With respect to the destruction of the condemned animals on Mr. Rock's farm, can the minister tell the committee whether the complete flock was destroyed? It would seem to me that the compensation is entirely out of line with what one might call simple justice.

I am a purebred breeder myself, and I think the minister will agree with the statement when I say that you cannot take the top sale price figure as representing a fair price for your complete herd. Often purebred breeders in the cattle business as well as those in sheep and other livestock businesses get a fairly good price at public auction, but you cannot say that would be a fair price for a complete herd of cattle or a complete flock of sheep. I think the price of approximately $670 per sheep is completely out of line—

Mr. Gardiner: No.

Mr. McCullough (Moose Mountain): I should say 660 sheep at a price of approximately $166. Such a price is completely out of line with prices paid on former occasions. The hon. member to my right has indicated the various prices paid from 1952 until this recent incident. I think the minister should look into the matter and take to heart some of the arguments that have been put forward by members of the committee. I feel there has been an injustice done in this case, and that there should be some correction made.

Mr. Cardiff: Mr. Chairman—

Mr. McCullough (Moose Mountain): Would the minister answer my question with respect to the findings?

Mr. Gardiner: To begin with, and to follow up the simile used at the commencement of my hon. friend's remarks, I might say that I am not one of those animals which goes around with wool in its teeth. That might answer the suggestion made in what the hon. member had to say. There may be some who do, but I am not looking for explanations of that kind. In any case, the answer has already been given to the question. I read it. Progress on this type of project is invariably slow, for the first thing that must be done is a thorough microbiological examination of all brains and spinal cords, and this work is now being done. A search is also under way for the causative agent in the spleens, livers and kidneys, but no results are yet available from this work.

In other words we have not been able to discover, any more than they have in Britain or elsewhere up to now, just what is the cause of the disease. I think that answers the question which was in the hon. member's mind when he wanted to know if the cause had been traced. It also answers the suggestion that the disease is hereditary. No one has been table to tell us that it is hereditary, and all the checks that could possibly be made have been made in connection with these sheep.

As to the price, I quite admit that I do not know very much about the price of sheep; but my hon. friend who lives near Mr. Rock says he did sell sheep for as much as $1,000. We certainly did not take that price to reckon what should be the value of these sheep. I stated some time ago that we did not take our own valuation at all. We had them valued by the best valuators that could be found, and we even went outside the country to get them.

So far as the Dominican Republic is concerned, I am told by the officials here that the news item which has just been read has been before the department, has been examined into, that the statements made there are not facts, and that there were no sheep in the Dominican Republic at that time that came from the Rock herd. There were sheep there that were bought in Canada and came from owners of flocks who had bought sheep from Rock at some time or other. That has all been followed up and the fact still is, as I stated it before, that so far as we know every sheep that left that flock and could have carried the disease has been followed to wherever it went, has been checked there, and there is no sign that any disease has

been carried with them. As to the other question, the sheep that were there were slaughtered and put under ground.

Mr. Cardiff: Why was it necessary to bring in United States valuators to value the sheep?

Mr. Gardiner: For the very reason that has been made quite evident this afternoon. If I had gone and done it myself I know what would have been said in the house. If anyone associated with me in any way whatsoever throughout Canada had been taken there to do the job I know what would have been said about that too, and if it had been left entirely to the officials of my own department I know what would have been said about that. These valuators were men from the United States who know the value of sheep, and they made that valuation but we did not accept. We cut the amount down to $100,000 whereas they put it at $160,000.

Mr. Diefenbaker: They certainly were not rock bottom prices.

Mr. Charlton: Has it ever been done before?

Mr. Gardiner: It was done in connection with the foot-and-mouth disease. The price was higher than the individuals said they could sell them for on the market or anywhere else.

Mr. Charlton: That is not what I asked.

Mr. Gardiner: That is pretty nearly what you are asking. I do not know what you are asking if that is not it.

Mr. Charlton: If the minister would sit still for a moment and find out it might be better. Have you ever brought in adjusters before from outside the country to value herds?

Mr. Gardiner: When the foot-and-mouth disease was on in Saskatchewan we had many men from the department of agriculture of the United States—

Mr. Charlton: Where they adjusters?

Mr. Gardiner: —and we had their opinions about everything.

Item agreed to.

Health of animals—

20. Administration of Animal Contagious Diseases Act, and Meat and Canned Foods Act, $5,698,838.

Mr. Charlton: What information can the minister give us relative to the inoculation of cattle leaving Winnipeg yards for haemorrhagic septicemia? What has been the result? Has it been good? Have you had to pay much compensation for animals that have died as a result of that disease?

[Mr. Gardiner.]

Mr. Gardiner: For some years the department provided shipping fever anti-serum free to stockyards where feeder cattle were being assembled for shipment. A few years ago some doubt arose as to the actual efficiency of this anti-serum in preventing shipping fever, and extensive field tests were conducted by the department in the fall of 1954. These established that the anti-serum had in fact very limited beneficial effect in controlling shipping fever and the free distribution of that product was discontinued by the department last year.

The work which has been done on the matter indicates that other organisms are involved in the condition known as shipping fever, and that the most feasible control probably would be in the bacterin containing these various organisms. Various types of bacterin for this purpose were prepared last year by the department's animal pathology division and subjected to trials with experimental lots of animals at the department's own station. As a result of this one product was determined to have the most beneficial value, and it is proposed to use this on field trials during the coming fall.

The survey was commenced in October, 1954, and completed in December, 1954. During this period 2,093 animals were treated with bacterin and 4,062 treated with serum. Approximately 3,255 animals were identified as control animals, receiving neither serum nor bacterin. Bacterin was administered on the ranch, 10 days to six weeks in advance of the sales date, and serum at the shipping point, one to four days before shipment.

Immediately prior to treatment, blood samples were collected from approximately 10 per cent of the three groups. Blood tested animals were identified and a second sample collected after arrival on the purchasers' premises.

The purpose of blood tests was to measure by means of the complement fixation test any change in antibody level between the time of shipping in the west and arrival at destination in the east.

On arrival at destination in eastern Canada the animals were visited on the purchasers' premises at least twice, and where sick animals were encountered, departmental veterinarians provided treatment. Suitable specimens from animals which died were forwarded to the laboratory in Hull for study and, in particular, to determine the type or types of bacteria responsible for the disease.

Of the 9,410 animals shipped, 266 or 6·5 per cent of the 4,062 serum-treated animals were sick on arrival; 49 or 2·3 per cent of the 2,093 bacterin-treated animals were sick on arrival; and 177 or 5·4 per cent of the

3,255 untreated animals were sick on arrival. The mortality in these groups was 35 (0·86 per cent) in the serum group; 10 (0·47 per cent) in the bacterin group; and 30 (0·92 per cent) in the control group. This is shown in Table 1.

I think it would be well to have that table placed on the record. There are just a few figures as they appear here with respect to the bacterin, serum and control. The table just deals with the facts I have read. They are in the table. I think the table should be placed on *Hansard*.

The Chairman: Has the minister unanimous consent to place this table on *Hansard*?

Some hon. Members: Agreed.

Mr. Gardiner: The table is as follows:

Table I

	Animals Shipped	Sick on Arrival	Mortality
Bacterin	2,093	49 2·3%	10 (0·47)
Serum	4,062	266 6·5%	35 (0·86)
Control	3,255	177 5·4%	30 (0·92)

Of the 75 which died, specimens were obtained from 53, and 22 of these specimens came from animals which received no treatment. *Pasteurella multocida* was isolated in three cases; *pasteurella hemolytica* in three cases; and both types in 14 cases.

Mr. Charlton: From what the minister has said, I take it that the mixed bacterin seems to be the better of the two treatments, and that the results were quite a bit better than with the non-treated animals or checked animals. Am I right in assuming that the death rate and the number of sick animals was much lower with the mixed bacterin than it was with the other treatments, the serum treatment or the check?

Mr. Gardiner: I understand that the mixed bacterin has not been used. It is to be used in the field tests this fall. Therefore they have not the results of that.

Mr. Charlton: I thought the minister gave us the results indicating that of 4,062 animals that were treated, some thousands of the animals were treated with mixed bacterin.

Mr. Gardiner: Perhaps I did not make myself fully understood. The mixed bacterin which is being prepared by this department to use has not yet been tested out. This was a manufactured mixed bacterin that was imported.

Mr. Charlton: It was a trade mixed bacterin?

Mr. Gardiner: Yes.

Mr. Charlton: From some drug house?

Mr. Gardiner: Yes.

Mr. Charlton: And the department are trying to develop a better strain of mixed bacterin than the one they have used?

Mr. Gardiner: Yes. That is to be tested out this fall.

Mr. Charlton: But that has not been tested out even in the field yet?

Mr. Gardiner: That is right.

Mr. Charlton: But with the purchased mixed bacterin, were the results not better than with the serum?

Mr. Gardiner: Yes, they were; that is right.

Mr. Charlton: On how many animals was compensation actually paid? I refer to those test animals that died. I believe the number was 75.

Mr. Gardiner: Yes, 75.

Mr. Charlton: Was compensation paid on all those animals?

Mr. Gardiner: Yes.

Mr. Charlton: Was any compensation paid on animals which had been inoculated by the owners themselves in Winnipeg before they left?

Mr. Gardiner: No, I understand there was not.

Mr. Charlton: It is not compulsory to have them inoculated. I understand there is a charge now. Is there now a charge in the Winnipeg market to have them inoculated?

Mr. Gardiner: Yes, that is right.

Mr. Charlton: It was done free for a year or two. Now a charge is made?

Mr. Gardiner: Yes.

Mr. Charlton: But there is no compensation paid other than on those that were carried free by the department as experimental. Is that right?

Mr. Gardiner: That is right.

Mr. Cardiff: Are all animals that come from the west inoculated at any certain point, or before they leave there?

Mr. Gardiner: Yes. I understood the question was this. Were all the animals that were tested, animals that came from the west. If that is the question, the answer is yes.

Mr. Cardiff: I was not referring to that particular group of animals. Are all animals inoculated before they leave the west, regardless of where they come from?

Mr. Gardiner: No, it is up to the owner.

Mr. Cardiff: I bought some cattle from the west. I do not know whether they are inoculated. I understood they were inoculated before they had left there for shipment east. Are they so inoculated?

Mr. Gardiner: My parliamentary assistant can give you a better answer than can I. He is shipping them continuously.

Mr. McCubbin: It is entirely up to the owner of the cattle in the west and yourself. If you put an order in for a load of cattle in western Canada, the owner can inoculate them before he ships them down to you. It is entirely up to the two of you. As for myself, I ask the owner of the cattle not to inoculate them. I would sooner have them come down uninoculated than inoculated, but that is just an idea of my own.

Mr. Cardiff: For what reason?

Mr. McCubbin: I feel they come through better.

Mr. Cardiff: I do not know anything more about it than the fact that I received a load here about a month ago. I did not have any difficulty. I do not know whether or not they were inoculated, but they went straight to the grass. I think the biggest difficulty with these cattle is that they come down in April and they are put in the stable. They are not used to being housed. Then if they pick up a cold it develops quickly. I lost two of them, and they died within two or three days. This particular load went straight out to grass and I had no trouble at all, no sickness or anything.

Mr. Charlton: Is it not marked on the bill of lading?

Mr. McCubbin: Yes, it is always marked on the bill of lading. Perhaps the hon. member for Huron has never looked at the bill of lading.

Mr. Charlton: It is $1 per head, is it not?

Mr. McCubbin: That is right.

Item agreed to.

21. Compensation for animals slaughtered, including compensation for eggs destroyed from infected premises under terms and conditions approved by the governor in council, $290,080.

Mr. Robinson (Bruce): I wonder if the minister could give us some idea of the success of our testing for T.B. reactors in cattle, and the progress of the testing throughout the different districts?

Mr. Gardiner: I understand the question is as to the percentage, after they have been tested?

[Mr. Gardiner.]

Mr. Robinson (Bruce): I should like to know also if it looks as though the situation is improving down through the years?

Mr. Gardiner: Oh, yes, there is no question about that. This concerns the program of tuberculine testing and restricted area retesting. I have here the estimated number of cattle to be retested, the estimated percentage of tuberculosis and the estimated amount required for the payment of compensation for reactors slaughtered. This is for the year 1956-57, and it is based on our experience, of course. In Queens and Prince counties of Prince Edward Island there are 355,000 to be retested, and it is estimated that ·25 per cent will be reactors. The cost will be $6,576. In New Brunswick the estimate is the same in percentage, ·25 per cent reactors. The cost will be $1,008. In Quebec it is again ·25 per cent and the cost there is $14,400. The number of animals to be rechecked is 119,900.

Mr. Robinson (Bruce): Without going any further would the minister be able to tell me how that percentage compares with what it was five years ago? How long have they been under test in Queens and the other county, and is there some improvement?

Mr. Gardiner: The number tested right across Canada for 1949-50 was 2,089,000. The number of reactors was 30,521. The compensation paid was $1,261,771.60. If you remember, in 1949-50 it was 2,098,000 and in 1954-55 it was 2,079,000 that were tested. In 1949-50 there were 30,521 reactors and in 1954-55 there were 3,900, just a little more than one-tenth.

Mr. Robinson (Bruce): You have not the percentage there, I take it.

Mr. Gardiner: You would find there were not more than one-ninth as many reactors last year as there were in 1949-50, and that is a six-year period. The amount paid this year will be $192,665 as against $1,261,000 before.

Mr. Charlton: The hon. member for Queens is unavoidably absent on committee work and I know he would like a question asked regarding a case of lungworm that has been found, or at least suspected, in Prince Edward Island. Apparently this is the only case of lungworm that has ever been diagnosed as such. Apparently the farm now occupied by this farmer was once either a substation or a farm used for experimental purposes in some way. Now, as this lungworm is apparently found solely within the animal—the egg is picked up off the ground and passes its entire life cycle in the animal; there is no intermediary host—it is just possible, although I am not saying it is true, that these eggs might have been lying there for

some years from experimental work that was being carried on at the farm previously.

I think, although there has never been compensation paid for this, something should be done. Probably the cattle will take a long time to die. If they are not all slaughtered right now, they are in such poor condition when they do die that they are not worth anything for beef. It is a very debilitating disease, and they do lose a tremendous amount of weight. As this is the only case known in Canada, I think it would be only fair that this particular chap should receive compensation. Probably he has not been on the farm too long and has not too good a start, so probably could not afford to be put on the expense of losing his entire herd. Perhaps there is someway by which compensation could be paid and something learned from a study of the carcasses which was not known before. If they were slaughtered they might be worth something for experimental purposes.

Mr. Gardiner: The only thing I can say is that the existence of the disease, if you could call it that, has been reported to the department and investigations have been started. We have not yet any report on it. If it has not already been done I would suggest to the hon. member that he give us all the particulars of the case about which he is speaking. Then we could keep track of it and if there is any necessity for doing anything we could do it.

Mr. Charlton: I think the minister misunderstood me. The hon. member for Queens has spoken to me on this and he is unavoidably absent. I was mentioning it on his behalf.

Mr. Gardiner: You have the hon. member send us particulars.

Mr. Charlton: I think he was talking to the department, and presumably that is why the investigation is going ahead.

Mr. Gardiner: It is going ahead. On the question of whether the individual is to be paid compensation, I presume that particular disease is not named amongst those for which we do pay compensation, but that does not prevent something being done.

Mr. Charlton: It does not prevent an order in council being passed. I suggest that has been done in other cases and this is a case in which that might be done.

Item agreed to.

22. Livestock and poultry, $1,683,275.

Mr. Charlton: I have a question in connection with the sire loan policy. Can the minister give us any information as to where those sires were lent, what province they were in? I understand there was a considerable number, and that they were used in artificial insemination units across the dominion.

Mr. Gardiner: Prince Edward Island, 24 bulls; Nova Scotia and New Brunswick combined, 77; Quebec, 249; Ontario, 137; Manitoba, 214; Saskatchewan, 200; Alberta, 302; British Columbia, 89. In Nova Scotia there are 59 artificial insemination units and in British Columbia there are 36.

Mr. Charlton: Does the government purchase these bulls entirely at the cost of the Canadian government?

Mr. Gardiner: We buy them and put them out on loan to clubs.

Mr. Charlton: Do you take them back when they are disposed of?

Mr. Gardiner: Well, we move them around from time to time and buy others when it is necessary.

Item agreed to.

23. To provide for grants to fairs and exhibitions in accordance with regulations of the governor in council; for payments pursuant to agreements in force on March 31, 1956, with exhibition associations covering the construction of buildings and other major undertakings; and for a grant of $50,000 to the royal agricultural winter fair, Toronto, and freight assistance on livestock shipments for exhibition thereat, $926,500.

Mr. Wylie: In Medicine Hat, as you know, we have stampede exhibitions every year which last for three days. Perhaps the Minister of Agriculture knows more about that than I do, but we have never received a grant from the federal government or the provincial government. What I am wondering is how to go about getting a grant for a three-day stampede and exhibition, such as we have.

Mr. Gardiner: Mr. Chairman, the hon. member knows that we make grants to B fairs and A fairs, and they must qualify under the regulations to be designated as a B fair before they are entitled to any grant from here. The fairs below that category do have grants from provincial governments at different rates in the different provinces, but we establish the claim entirely on the basis as to whether they have paid out $5,000 over a period of years for an A fair and $3,000 for a B fair. If Medicine Hat has had a fair for three years and it has paid out $3,000 or more in prizes, then they have every right to apply here for a grant. The fact that they have not had one either indicates that they have not been paying out that much or they have not made application for it. There may be some other

reasons that could be given for their not getting it, but I do not know of any at the moment.

Mr. Wylie: Mr. Chairman, I am looking for information. When I read the Medicine Hat *News* I find there are so many conflicting statements that I just wonder where they come from. One party says that the federal government will not do anything and another one says, yes, they will if you go about it the right way. I am looking for information and I must thank the minister for the information he has given me.

Mr. Nowlan: I notice some of these grants are for special fairs. What is included in that? There are class A fairs and class B fairs and then special fairs.

Mr. Gardiner: We have an arrangement that started with New Brunswick, but we have it now with Newfoundland also; just the two, Newfoundland and New Brunswick, under which we make payments and they make payments. It is a little different from the other provinces.

Mr. MacKenzie: It is the policy of the Department of Agriculture to pay fairly substantial grants to fairs that qualify as class A and class B. I am suggesting that possibly the class C fair should receive a grant for capital expenditures. I think that with respect to class A and class B fairs the department pays 25 per cent of the permanent capital expenditures. I would suggest that class C fairs could be treated along similar lines and be given a percentage of the capital expenditures they make at those fairs.

Mr. Gardiner: As I said a moment ago, class C fairs are considered to be fairs that are assisted by the provinces. I think during the relief period we did follow the plan which is now suggested and we did make grants to fairs in the C category for putting up certain buildings for the showing of their livestock and that kind of thing. But, as is known by hon. members, when the war started we stopped all those grants, and when we started them up again after the war and after the period in which relief was given we again confined them to the A and B fairs. We expect that the provinces are probably giving assistance to the others.

Mr. Pommer: Under item 23 freight assistance is paid on livestock shipments for exhibition at the Royal agricultural winter fair at Toronto. I realize this is not a very large item when compared with many other items in the estimates. Can the minister tell us what formula is used in granting this assistance?

[Mr. Gardiner.]

Mr. Gardiner: Well, the general policy is that the province pays the freight assistance on the livestock that is coming to the exhibition in all the provinces with the exception of Ontario. Nothing is paid there because it is close to the fair, I presume; at least, nothing is paid by the federal government. When we are billed for it we pay 75 per cent of the freight that has been paid by the provinces.

Mr. Pommer: In every province with the exception of Ontario?

Mr. Gardiner: Excepting Ontario.

Item agreed to.

25. Plant products—seeds, feeds, fertilizers, insecticides and fungicides control, $1,484,618.

Mr. Charlton: Mr. Chairman, how many prosecutions have been laid under the Fertilizers Act because of not maintaining the standard of analysis in fertilizer? How many cases have been checked and how many prosecutions have been laid, or how many warnings have been given, or whatever they do when fertilizer is not up to the standard of the analysis printed on the bag?

Mr. Gardiner: There were no prosecutions in the year 1954-55. There were two detentions.

Mr. Charlton: Just what does the minister mean by "detentions"? Was the fertilizer held and not allowed to be sold?

Mr. Gardiner: Yes, held for correction.

Mr. Charlton: Until it was correctly analysed?

Mr. Gardiner: Yes.

Mr. Charlton: And the analysis brought up to standard?

Mr. Gardiner: Yes.

Mr. Charlton: Was there any indication that some fertilizer had been sold when the department officials caught it? There always has to be a period in which some is sold. Do they catch it when the batch comes off the mixer, or was some of the batch sold?

Mr. Gardiner: It is difficult to say from this, but perhaps the set-up will give some idea of what is done. Inspection visits and official samples taken during the fertilizer year ended June 30, 1955, by districts were: Maritimes, 255 inspections; official samples, 227. In Quebec 1,189 inspections were made and 320 official samples taken. In eastern Ontario 222 inspections were made and 58 official samples were taken. In western Ontario 474 inspections were made and 480 official samples taken. In Manitoba 77 inspections were made and 16 official samples were taken. In Saskatchewan 223 inspections were

made and 6 official samples were taken. In Alberta 421 inspections were made and 25 official samples were taken. In British Columbia 625 inspections were made and 138 official samples were taken. Across Canada 3,486 inspections were made and 1,198 official samples were taken.

Item agreed to.

The Chairman: It being five o'clock, shall I rise and report the resolutions, also report progress and ask leave to sit again later this day or the next sitting of this house as the case may be?

Some hon. Members: Agreed.

Resolutions adopted in committee of supply this day reported and concurred in.

PRIVATE BILLS

Mr. Deputy Speaker: Is it my understanding that items under public bills and orders shall stand?

Some hon. Members: Agreed.

Mr. Deputy Speaker: The items under private and public bills having been exhausted, the house will resume the business which was interrupted at five o'clock.

SUPPLY

The house in committee of supply, Mr. Robinson (Simcoe East) in the chair.

DEPARTMENT OF AGRICULTURE

25. Plant products—seeds, feeds, fertilizers, insecticides and fungicides control, $1,484,618.

Mr. Smith (Battle River-Camrose): Is the minister aware of the drastic increase in the cost of commercial fertilizers of the type used by farmers on the prairies which has occurred between 1946 and the present time and, if so, can he state whether the department has made any investigation into the causes of this increase in the cost of fertilizers? I am referring particularly to ammonium phosphate 11-48-0.

Mr. Gardiner: Taking the index of fertilizer prices for 1939 as 100·2, they advanced to 181·2 in 1955 and in January, 1956, they were 181·1. The index showed a slight drop in the last year but previous to that prices had been going up constantly. I suppose part of that increase would be due to the general increase in prices which has taken place over that period of time. In addition to the small decline in the index figure there has been a more significant change in connection with the plant food unit basis. The average ton of mixed fertilizer contained 26·2 units of plant food in 1954 and 27·4 units in 1955, an increase of 24 pounds per ton. On a plant food basis fertilizer prices in 1955 were about $3 per ton cheaper than in 1954. Further, there has been a slight increase for this year to which I just referred.

Freight rates are an element in the increased cost of fertilizers. The percentage increases in fertilizer freight rates since 1947 are as follows:

1947	100 per cent
1948	121 per cent
1949	131 per cent
1950, as at March 23	140 per cent
as at June 16	145 per cent
1951	162 per cent
1952	170 per cent
1953, as at January 1	185 per cent
as at March 16	198 per cent

Mr. Smith (Battle River-Camrose): Can the minister state whether there is just the one company in Canada producing the type of fertilizer used in the west?

Mr. Gardiner: I think that is right. During the war there was a plant at Calgary producing the ingredients, but that was taken over by the plant at Trail.

Mr. Blackmore: Mr. Chairman, I have thought a great deal about this matter of fertilizers. I think much less has been done for the farmer than should have been done in connection with fertilizers. If there is one service which should be controlled by a crown corporation or some other agency not interested ultimately in making profits but which would be administered for the benefit of the farmer it is the manufacture of fertilizers. I think everyone will agree with that. I do not see much evidence of interest in the farmers' welfare in the matter of the production and sale of fertilizers.

I suggest to the minister that his department consider seriously doing something about this matter in order to cut down some part of the farmers' costs. I think the minister knows better than any of us in the house that farmers are fighting for their very existence. Everywhere the farmer looks he is met with mountains of opposition rising against him ready to overwhelm him in every direction. Whether he is going to survive will depend just how much good management is exercised by the Department of Agriculture in Ottawa together with other departments throughout Canada. Certainly the cost of several things could be cut, and one of those things is certainly fertilizer. We have any amount of the ingredients, and I believe fertilizers can be put together largely by machines so that we should be able to reduce the cost of production to an absolute minimum. I hope the minister will consider this most seriously, and he looks as though he intends to do that.

Item agreed to.

Marketing service—

27. Subsidies for cold storage warehouses under the Cold Storage Act, in the amounts detailed in the estimates, $92,374.

Mr. Nowlan: There is a reduction in this vote of $1,927,400. I realize that the amount of this vote is dependent upon the construction that takes place from year to year, but I wonder if the minister can explain this large reduction.

Mr. Gardiner: As is known, we vote an amount each year and then items come back or there are supplementaries or otherwise which bring it up for the year to approximately the same figure.

Mr. Charlton: I take it that last year was a particularly high year because there were three large cold storages constructed in the western provinces, each costing over $1 million. Has the minister any idea as to what construction is going on? Would he give us the amounts actually spent each year for the past three or four years?

Mr. Gardiner: I do not know whether it is higher or not until I look at the figures. There were five in the west, not three. There was one at Regina, one at Saskatoon, one at Edmonton, one at Calgary, and one at Lethbridge, which were put in by one company. That was something over $1 million. There is an amount in the supplementaries, which are also before us of $1,623,000. It will make up for what we know is being undertaken for this year. There will be other amounts in the supplementaries as we go along dealing with them. You will find that on the first page of the supplementary estimates.

Mr. Charlton: That will bring it up to almost what it was last year?

Mr. Gardiner: We expect it to get up to about the same each year.

Mr. Charlton: The list in the estimates book is nowhere near complete.

Mr. Gardiner: No, the list in the estimates book is what we knew at the time the estimates were made out that we required. We put this other amount in the supplementary estimates to take care of what has come up in the meantime.

Mr. Charlton: The applications are in for these?

Mr. Gardiner: Yes, the ones we are bringing down are for individual cases not provided for in the estimates.

Mr. Charlton: Could the minister give us a list of which applications have been received for the $1,600,000 in the supplementary estimates?

[Mr. Blackmore.]

Mr. Gardiner: I have the supplementary estimates here, and it could be read when we come to the supplementaries if that would be satisfactory.

The Chairman: Does the committee wish to take item 601 with item 27?

Mr. Charlton: No, Mr. Chairman.

Mr. Wylie: I have one question I should like to ask on item 27. There has been a good deal of discussion lately in Medicine Hat, as the minister knows, about cold storage plants. We realize that in southern Alberta we can raise the best corn of any part of Canada. Perhaps we have more dry weather and more sunshine. However, by the time it leaves the field and gets to the city of Edmonton or the city of Calgary it is a little wetter, one might say. There have been discussions in Medicine Hat regarding the building of a cold storage plant.

I have noticed that other cities have had assistance from the government in that regard. I am wondering whether the city of Medicine Hat or the people of Medicine Hat can get assistance to build a cold storage plant so we can process our corn, put it in sacks and deliver it to many points, not only to Edmonton and Calgary but to Winnipeg, for instance, where they never have good corn. Medicine Hat is the one place where we raise good corn, and I think we should know how to go about building a cold storage plant so we can ship our corn out of Medicine Hat in first class condition.

Mr. Gardiner: The hon. member for Medicine Hat asked how people go about getting grants for cold storage plants. The act provides that if the conditions are met as set out in the act, the government pays a subsidy of 33⅓ per cent of the cost. They pay it all in the year when the plant is constructed. That requires, of course, that somebody else pay the other two-thirds, and that somebody else may be a co-operative or an individual concern that undertakes to put in cold storage. That assistance has been given now over quite a few years and it is available to Medicine Hat in common with other places.

Mr. Wylie: I realize that that assistance is available, and I am very glad to have the minister's answer so we shall know just what to expect from the government.

Mr. Montgomery: This item refers to cold storage plants. I should like to ask the minister whether under this item might be taken up the matter of frozen food plants. They are called by a different name, nevertheless they are for the processing of agricultural products in order to keep them in a

fresh state for the market. In our province there is at least one firm that is considering seriously, and in fact is going ahead with such a plant. I know that the firm has been to Ottawa and discussed this with the departmental officials. Does that come under this item, and is there a possibility of their getting assistance from the department under these grants?

Mr. Gardiner: I believe there is an application from Saint John, New Brunswick, for cold storage of some type. There has been some question raised as to whether it conforms in all particulars with our legislation. I am not in a position to say whether or not that is the case; but freezer plants of a type come under the act; that is, the type of plant that puts in lockers. If it is a co-operative it comes under the act; if it is not a co-operative, it does not.

Then there is another type of freezing plant which has no lockers. The five plants that are spoken of in the west are of a new type of freezer different from what we have had, except for one plant at Vancouver. There are some others contemplated elsewhere. I think it depends somewhat on what my hon. friend means by freezer plants; but they have made application and the matter is being considered.

Mr. Montgomery: The minister speaks of a locker plant. We have a locker plant. That locker plant is privately owned, but it does not prepare foods like a frozen food plant. Up to the present time we have been importing into this country from the United States large amounts of frozen foods, even into our own province; strawberries, peas, beans, rhubarb and all sorts of things like that. I think there is room for the development of what we refer to as a frozen food products plant. I gather from what the minister has said that if it is a co-operative arrangement it comes within the act, but if it is not a co-operative arrangement it does not come within the act. Am I right?

Mr. Gardiner: You are right about the locker plants. If the locker plant is owned by a local butcher, for example, as it is in my own town in the west, he does not get a subsidy under this act; but if the people, either in the town or in the country round about, organize themselves into a co-operative and have a freezer plant, they do get 33⅓ per cent assistance.

On the other type of plant, the condition is that the plant must be open to the public. If an individual goes into the business of freezing food products, in the sense of taking them in, freezing them and selling them to the public, I doubt very much whether he comes under the act; but if a person simply has a freezer plant and allows the general public to bring products in to be frozen, and then the people sell them, I do not think there is much question about that. Nevertheless I would want to have the case referred to the justice department before saying definitely that it could meet the conditions under the act.

Mr. Montgomery: In the vicinity where I live and for miles around we grow fine vegetables, but we can grow a great many more than we can consume. If I understood the minister, the plant would have to be one that would be open for freezing and processing and I as a farmer could take vegetables and have them frozen and processed but it would be up to me to sell them. Is that what the minister means; or would it be the case that the plant would purchase the vegetables from the farmer, freeze them and then ship them to other parts of the province or outside the province? In other words it would become a local business. If they could get assistance under these arrangements, then what is the difference between a co-operative building a plant and 15 farmers or 15 businessmen getting together and building a plant? In the second place, if they can come under the provision, will they get assistance not only in the building of the plant but in the furnishing of the machinery and equipment?

Mr. Gardiner: It is very difficult to answer a question of that kind without knowing all the particulars in connection with it. Those are just the things that we are becoming acquainted with in connection with the application that has been made. In general terms the position is that if a man puts up a plant and then says that all his space is for rent; then somebody else buys the commodities from the farmers in the neighbourhood, puts them in there and then takes them out and sells them, and I think that is pretty generally done, we have paid the 33⅓ per cent. But if the individual who owns the plant goes right into the business himself and utilizes all the space, and there is no space for the general public at all, then I have no doubt about that case either. He does not come under the act.

There may be some place in between where the line would have to be drawn in a legal sense, but I should not like to try to define it here. There proper procedure is the one they are following of writing us, as they did. They will get a reply and we will have adjustments of ideas, because there has to be a certain percentage of the plant utilized for certain purposes. If a man has constructed a building and most of the space in it is occupied with something else, he would have difficulty in coming under the act.

Mr. Montgomery: I think this application came from an area quite near my home, and I know such a plant would be of great advantage to many of the farmers there who have been in trouble over potatoes. If we could get them to change to mixed farming, garden farming and one thing and another it might be of great benefit. I hope the minister and the department will give as generous construction to the act and assistance to these people as they possibly can.

Mr. Gardiner: Yes, that will be met. We have already had communications, but up to now they have not actually made an application. They are asking for the kind of information the hon. member is seeking. They will get it, and if they submit an application it will be considered.

Mr. Campbell: Would the grant be available to a co-operative to buy a plant that is already in existence?

Mr. Gardiner: No, the regulation is quite definite on that point. If they even proceed to build a plant before they have been authorized by us to go ahead with it we do not pay. They must present their case and have it considered before they have a plant at all. Not even the buying of the property is consented to under the act.

Mr. Campbell: The minister did not get my point. I know of a case of locker facilities already in existence where the owner is gradually going bankrupt. If a co-operative in the district wanted to purchase that locker plant could they get a grant?

Mr. Gardiner: They had better get in touch with us before they do. If they define the case as it is they will probably get word back indicating that they can or cannot.

Mr. McLeod: I noted carefully the last few words of the minister, and I have had a problem placed before me by the Shuswap Okanagan dairy industries co-operative association of Vernon. Last year they made an application to the department for the subsidy in connection with the building of cold storage facilities for a branch which they were opening in Kamloops. Technical difficulties arose, and I must admit that the dairy did go ahead before final approval was given. Apparently the plant meets all the specifications of the department, and if it had not been for this technicality they would have been eligible for the subsidy.

However, when I took up the matter the other day I was advised that it might be reconsidered, but that since the main and supplementary estimates had already been prepared it was doubtful if anything could be done this year. I must say I was rather surprised when I looked at the top of page 118 to see an amount of $6,500 provided in this year's estimates with this designation: "Kamloops, Shuswap Okanagan dairy industries co-operative association." These two facts do not jibe, and possibly the minister could give us an explanation at this time.

Mr. Gardiner: The only explanation I can give is that when I was in that area, I think it was last fall, I had the pleasure of visiting the plant along with those who are on the board. There are some misunderstandings that have not been cleared up and unless they are cleared satisfactorily there will not be a grant, but I am not prepared to say at this moment whether there will or will not be a grant.

Mr. Nowlan: Before the item carries may I say that the comments of some hon. members are very reminiscent of problems that some of us have had in dealing with this item in the past. I was a little surprised to hear the minister say that the whole 33⅓ per cent is paid in one payment. I think the regulation in that respect must have been changed—

Mr. Gardiner: That is right; two years ago.

Mr. Nowlan: —because as I recall it was paid in three annual instalments and that used to provoke some difficulty. The minister also spoke of co-operatives as if this grant was only payable to co-operatives, but I think it is also payable to privately owned plants provided they make provision for public use of the cold storage facilities.

Mr. Gardiner: Yes. It is only in the case of locker plants that we only pay to co-operatives.

Mr. Nowlan: I want to add one thing further. I hope the minister and his departmental officials will give pretty careful consideration to the regulations. I have had quite a bit of experience with them. I certainly want to congratulate the department and the officers generally on the way in which they have administered this rather difficult problem, because I think every hon. member has pressure brought to bear on him with regard to installing a cold storage plant in an inadequate building. It seems to be felt that if the member has sufficient political pull he will be able to get a subsidy. This has created difficulties, but I think that on the whole the department has administered the plan very well.

In fact, I think it is perhaps a little bit too strict, and I want to give one illustration. I have in mind a cold storage plant in Nova Scotia owned by the United Fruit Company which met the specifications of the department. It was one on which a subsidy had been paid and it was as modern as most cold

storage plants in Canada. The company proposed to put in a vegetable cold storage branch in connection with the fruit. There was to be separate construction. It was to be a part of the same building but an addition to it. I am sure that everything would have been of the most modern construction, that the most modern machinery would have been installed and all the rest of it. Yet because of some technical interpretation of the regulation—and I am not quarrelling with the administration, because I think it was interpreted fairly although strictly by the officials —that cold storage grant was refused on account of the particular wording of the regulation. I can assume also that in the relatively near future the minister will receive some requests.

I am looking for an item which is not here and which I cannot find in the supplementary estimates, but I will ask him about that matter later. For instance, he will be interested to know that the new apple marketing organization in the valley is meeting today for the first time. As to the possibilities of cold storage developments there, for instance I can imagine gas storage, perhaps in smaller units, being installed within the relatively near future. That development again is going to raise the question of installation in existing structures rather than perhaps the construction of entirely new ones.

I hope the minister will ask his officials responsible for this matter to consider these regulations very carefully so that the spirit will be observed as well as, we hope, the letter. I suggest that when adequate modern cold storage facilities are brought into being they be encouraged in every way possible rather than be perhaps denied encouragement because of a technical or I will say a strict interpretation of what is possibly an overly strict regulation.

Mr. Gardiner: We have paid subsidies on two plants—one in Quebec and one in Ontario—that have this gas system of cold storage.

Item agreed to.

Marketing service—

28. Agricultural economics, $637,362.

Mr. Charlton: Can the minister tell me whether the economics branch here in the dominion department is co-operating with the department of economics at the provincial level with regard to these booklets that the department of economics at Guelph is putting out to help farmers in keeping their books and preparing their income tax returns? Is there any liaison between the two departments or is it made general? Are the people across Canada getting the benefit of the booklet the Ontario people have, or is it just in Ontario?

Mr. Gardiner: Yes, we have had co-operative studies between our officials and the Ontario officials in preparing that booklet.

Mr. Charlton: Is it being printed by the dominion department and made available to farmers across Canada, or is it just made available in Ontario?

Mr. Gardiner: My information is that it is one of the publications of the province, that it is being printed by them. However, I assume that if we were going to put it in any of the other provinces probably we would have to have understandings with the provincial departments there as well.

Mr. Charlton: I suggest to the minister that it is a very good book and that it is very helpful to farmers in keeping their books and in making their income tax returns. I think it would be a good suggestion if the minister would look into the matter further and find out whether the other provincial governments would not co-operate with this department and see that it is made available to other farmers across the dominion.

Item agreed to.

Marketing service—

29. Dairy products, $798,723.

Mr. Charlton: There has been a considerable amount of controversy lately about cheese production in that we do not know for sure how much cheese there is going to be for export. The home consumption has gone up quite a bit. I maintain that production is not keeping pace with the increasing domestic demand for cheese. I wonder what the department is doing to meet the situation.

As the minister knows, cheese is one of the products for which, in most years at least, we have been able to get a premium on the United Kingdom market. I think the situation now is that we could probably demand a premium of 2 cents or 3 cents in the United Kingdom market for cheese if we had it to export at this time. I wonder whether the minister can give us any information as to what is being done to aid the cheese producers to build up again this export market in the United Kingdom?

Mr. Gardiner: To begin with, we have an agreement with the Ontario cheese producers. They have a new name. They changed their name last week, I think it was. In any event, the hon. member knows whom I mean. I refer to the co-operative cheese producers in Ontario. We have an agreement with them under which we guarantee them at the bank for 22·5 cents a pound or

80 per cent of the average price of the last three years for any cheese they handle under the plan. Then, as I understand it, they go to the bank and raise enough money to make an advance to the farmer.

The Ontario government also provides them with a guarantee of 9 cents, I believe, which puts the guarantee up to 30 cents, approximately. That makes it possible for the board to guarantee to the farmer a certain return on his cheese. Then beyond that, the Department of Trade and Commerce and ourselves bring all the influence we can to bear on the British to set aside as much money as they will in order to take delivery of Canadian cheese. This year they have provided £1½ million. The British government have set aside that amount to buy cheese in Canada. That amount will buy approximately as much cheese as was bought here last year, when they bought about 10 million pounds. But they do not buy it from us; they buy it from the Ontario board. They will buy it from anyone who will sell them cheese from Canada that is satisfactory to them, but they bought most of it last year, I think all of it, from the Ontario board.

This year that same arrangement is being carried on. They are still prepared to buy cheese. We have the feeling, and we have expressed it many times to the cheese people, that all the cheese they are making at present can be sold within Canada, and we are encouraging them to do so. At the same time there is a possibility of selling some over in Britain under this plan that has been worked out.

Mr. Philpott: I want to say just a word about selling cheese in Canada. I know my wife complains that when she goes into these big super markets right here in Ottawa, about half the time she cannot get any good, plain, ordinary Canadian cheese. They have nothing but this Kraft stuff and other substitutes.

The Deputy Chairman: Shall the item carry?

Mr. Charlton: No. I rather hesitate to go along with the minister's idea that all the cheese that is produced here in Canada could be sold here. It is working to that end, I will agree. I will say this for the chain stores; they have done a remarkable job of merchandising cheese. Why? Because they put it up in attractive packages that people like. They like to see what they are getting. The chain stores have done a remarkable job in increasing the consumption of cheese. It is true that much of it is soft cheese or processed cheese but there is a good deal of cheddar, both white and coloured.

I think it is a mistake to depend entirely on the domestic market. Even if we reduce the consumption in the domestic market and hold the product off the domestic market, I think the United Kingdom market should be maintained if that is at all possible. As I say—and I think I am correct in saying it—at the present time the United Kingdom is paying for Canadian cheese a premium of at least 2 cents over some of the other cheese. I think they are quite willing to pay it, at least I understand they are, for Canadian cheese. I believe that consideration is sufficient to warrant a little increase in the production of cheese, with enough set aside of our Canadian production, to maintain at least a quota in the United Kingdom market.

Mr. Gardiner: I do not know that this is the time to discuss that particular point. However, I would point out that the British have always paid a premium for our cheese over and above New Zealand cheese, which is the big source of the supply that comes into the country. New Zealand sells to Britain far more than we sell, and has been doing so ever since the first war. During that time Britain gave us a premium of up to 3 cents over New Zealand cheese, but at the present time all Britain is buying from us is what they must have to serve a certain part of the trade.

Under that condition, up to this year they were buying our cheese from the board at 2 cents less than cheese was being sold in Ontario. I am not saying we were very enthusiastic about that, any more than some people were enthusiastic about our selling butter cheaper in some places. Nevertheless, under the circumstances under which they were doing that, probably it was the proper thing. It is their business.

What I mean by saying it can be sold in Canada is that we have great difficulty after we get west of Winnipeg in getting cheddar cheese. My friend says there is difficulty in getting it in Ottawa. If there is difficulty in getting it in Ottawa I would say there is 10 times as much difficulty in getting it after you get west of Winnipeg. We know from experience that the cheese that is now made can be sold there at a higher price than you have been selling it to Britain. I am not saying you should not sell any to Britain. They are selling it, and they are doing so in order to try to stay in that market. It is their business and they make their own decisions about it.

There is one other thing I should have said when I was speaking before. We, of course, pay a premium of 2 cents on 94 score cheese and we pay a premium of 1 cent on

93 score cheese. This is paid in addition to the other assistance which we give in connection with cheese.

Mr. Knight: I was tempted by the remark of my hon. friend from Vancouver South to ask the minister when cheese is not cheese. What I mean is, is there any regulation or any pure food law which would compel people putting up these packaged cheeses to state upon the package the contents? I know that a great many people who buy these packaged cheeses, so-called, are under the impression that they are buying cheese. Actually they are not buying it. My friend calls it a substitute, but I would call it a mixture of this and that. A great many people in the west are not too familiar with what good cheese is. They are under the impression that because they have these dairy factories in the east, they are getting good cheese when they buy that stuff.

Mr. Gardiner: I do not want to be critical of Kraft, for example, who put up a great deal of this cheese. Two years ago we had a discussion along this line and I made the rather definite statement that you could not buy cheddar cheese in the west. One check we made revealed that there was only one store in the west that had good cheddar cheese, and that was in Calgary. It was a special cheese store. Apparently the Kraft people paid more attention to the remark than anybody else, and since that time they have begun to cut up these big cheeses into half pound packages, and wrap them properly, and they have been selling them on the prairies at a very good price. I think it costs about 76 cents a pound when it gets out there in that form, so no one is losing any money on that particular sale.

The point I want to make is that while we were trying to encourage some people to become interested in selling this cheese out there by telling them where there was a market in which they could sell it, the Kraft people listened to us more than the people to whom we were trying to talk. They went out there and sold it, and you can get good cheddar cheese in the stores now.

Mr. Knight: I think there is a point that the people learn to eat cheese by eating cheese. So long as they eat some of the stuff they are eating at the moment I do not think they will ever learn what good cheese is. Therefore there will never be a demand created for good cheese. I have not mentioned any manufacturer's name, but I do not believe the minister has quite answered my question.

The point I want to get at is this. Is there a regulation or law which prohibits these people from selling anything as cheese which is not, in fact, cheese undiluted; that is the point.

Mr. Gardiner: Yes, there are composition standards. Of course when you take what is generally known as Kraft it has been specially prepared, and is sold as that .The dealer does not attempt to sell it as anything but what it is, but it is not what we generally call cheddar cheese.

Mr. Cardiff: Does the Kraft company, which has probably imported more cheese into this country than anybody else, sell that cheese as New Zealand cheese or is it mixed up with Ontario cheese and sold as Canadian cheese?

Mr. Gardiner: Well, most of it is brought in for processing. Some of it is sold directly on the market, depending on who brings it in. If the Kraft people bring it in, they use it for making up this special Kraft cheese. It is a processed cheese. It may have some Canadian cheese in it, but there is more moisture in it than is in the ordinary cheese.

Mr. Cardiff: I do not think that is right. I do not think they should be allowed to bring in New Zealand cheese and mix it with our good cheese and sell it at a high price, taking a huge profit. That is what it amounts to, so far as I can see.

Mr. Charlton: In so far as this processed cheese is concerned, I presume the regulations would be somewhat similar to the butter regulations. Is there any moisture content that the cheese has to contain?

Mr. Gardiner: Yes, both moisture and salt.

Mr. Charlton: In cheese?

Mr. Gardiner: There is a salt regulation for cheese, too.

Mr. Charlton: Is there a moisture regulation?

Mr. Gardiner: There is a regulation for moisture and salt.

Mr. Charlton: Does the soft cheese have to conform to a standard? How about cheese spreads; is there any standard for them?

Mr. Gardiner: There is a standard for it.

Mr. Charlton: What about ice cream? As we all know, there is a good deal of what is sometimes called frozen custard or of ice cream sold under various names. What is the standard of butter fat content for that soft ice cream, if it is properly called soft ice cream? Is it within the law to call it soft ice cream of must it be called some other name? What are the regulations under which that is sold in comparison with real ice cream?

Mr. Gardiner: The ice cream regulations are to the effect that ice cream shall contain not less than 10 per cent by weight of milk fat; not less than 36 per cent by weight of food solids; not less than 1-8/10 pounds of food solids per gallon, of which more than 50/100ths of a pound shall be milk and not more than ½ of 1 per cent by weight of stabilizer, and so on. The regulations are all set out.

Mr. Charlton: It is within the law, then, to call this soft product, whatever it is, soft ice cream?

Mr. Gardiner: So far as the content of it is concerned, it is within the law. It is just not frozen as solidly as the other.

Mr. Charlton: Is it correct to say that it cannot be frozen hard? Does it contain too much moisture, and if it were frozen hard the crystals would show up?

Mr. Gardiner: My experience has been that the ice cream that cannot be frozen hard is nearly all cream. We make it at home sometimes, but you cannot buy it in the stores.

Item agreed to.

32. Livestock products, stockyard supervision and furs, $769,648.

Mr. Robinson (Bruce): Could the minister tell us what duties are performed by stockyard supervisors?

Mr. Gardiner: Their duty is to enforce the stockyard and livestock regulations under the Livestock and Livestock Products Act at the different stockyards where they are in charge.

Mr. Robinson (Bruce): I take it that it is more of an inspection job than anything else, to see that the act is followed. Is that the idea?

Mr. Gardiner: Yes, very much an inspection job.

Item agreed to.

34. Marketing of agricultural products, including temporary appointments that may be required to be made notwithstanding the Civil Service Act, the amount available for such appointments not to exceed $6,000, $100,000.

Mr. Nowlan: Just what is included in this item? It says, "marketing of agricultural products". We have various groups for livestock, poultry and cheese, and we have had everything else. I was wondering just what is included in the marketing of products. In the breakdown there is an item for marketing projects, about $55,000. I should like the minister to give us a word of explanation with respect to that.

I also see there is a provision here that has to do with appointments notwithstanding the Civil Service Act. The amount available for such purpose is not to exceed $6,000. That looks almost like a casual appointment. In any event I am wondering just what is proposed, because when I turn to the breakdown I find there is a lot of money available for casual employment. I have something else to say about that in a minute, but I should like to get from the minister a picture of just what is involved in the item.

Mr. Gardiner: Mr. Chairman, when I first came to the department 20 years ago there was not any marketing service in the department. When we made the classification which I indicated earlier, when we were talking about splitting it up again, we brought in those five branches, marketing being one of them, and we set up certain amounts for the promotion of the marketing of farm products. In more recent days—I think it actually came up during the war and has been continued since—we asked to have an amount put in for advertising farm products. One of the uses that we did make of it was putting those advertisements out all over the country before we started the present butter program. "Butter is better" is one advertisement that we put all over the place, and it did increase the sale of butter. Anything that is undertaken that way we finance out of this fund. If we were to start out, for example, to promote the sale of more cheese or the eating of more apples the money would come out of this fund.

Then at that time we had in mind setting up a plan under which we might carry on greater operations than this amount of money would provide for, and we put in this one salary under the condition that we could not pay a man any more than $6,000. As a matter of fact we have not paid him up to date; we have been using the money for advertising purposes.

Mr. Nowlan: What is proposed, Mr. Chairman? I understand advertising. There is a provision of $35,000 in the breakdown for advertising. Then we have $52,300 for marketing projects. Just what is involved in the term, and what is done under those marketing projects?

Mr. Gardiner: Well, it is utilized for the study of marketing problems such as grading bacon, grading butter, grading cheese or products of that kind.

Mr. Nowlan: Would that not come under the vote of the department? The minister has separate funds for livestock—

Mr. Gardiner: It could, but the hon. member will note that this is something that goes on. These marketing projects are, for example, something that we start up and

carry on for two or three months or for six months, and for that reason we do not think we should set up a civil service appointment in order to cover that particular work. We get some person appointed. He may be a provincial man or he may be a man engaged in the dairy industry somewhere who can do this job for us and we pay him up to $6,000. We cannot pay him any more on these projects that the hon. member speaks of. He may be examining into one of these projects, is our bacon properly graded, is our butter properly graded, and so on? We have him check on that and report to us.

Mr. Nowlan: Can the minister give us an example of the project that he proposes to carry out under this $6,000 vote?

Mr. Gardiner: The one that is on at present is in connection with the project for bacon that I have just spoken of. We have a project on now in Montreal studying the grading of bacon to determine whether or not it is being done in the proper way and whether the public are being sold what they think they are getting. Take the matter that we discussed in the house about five years ago about putting coloured paper on bacon, and so on. These are the kinds of things that are investigated under these projects.

Mr. Nowlan: I can quite realize the importance of this. I shall draw the minister's attention to a marketing project to which I wish he would give some special attention in the immediate future, in co-operation with the Department of Trade and Commerce. He will know that Great Britain has now released sterling exchange, or it is released so far as the British West Indies are concerned. There is a potential market there for the sale of Nova Scotia apples at a relatively profitable price. Last year as well there was a market there, but owing to the fact there was not sufficient cold storage space available I know of one firm which lost a market for 4,000 boxes of apples at a relatively high price.

I realize that the Department of Agriculture does not control transport, but in view of the sudden announcement of the relaxation of restrictions on sterling I can pretty well envisage what is going to happen in the next few months with respect to that market. I do think there should be the closest co-operation between the Department of Agriculture marketing branch and the Department of Transport to find out what cold storage space is going to be available in Canadian National Steamships—and there will not be enough—and also to see if arrangements can be made with ships plying between Montreal and the Caribbean that have cold storage space that could, of course, stop at Halifax or Saint John to pick up those apples which, for the first time since before the war at any rate, will have access without any restrictions on exchange to not an extensive market but to a reasonably profitable one and one which is highly desirable to foster in every way possible.

Will the minister mark that down as the No. 1 marketing project? If he does, I shall vote unanimously and enthusiastically for the passing of this particular item.

Mr. Gardiner: I shall consider it.

Mr. Charlton: I notice that in the year 1954-55, $10,336 was spent under this item. For the year 1955-56 the actual expenditure to December 1, 1955, was $7,431 and the estimated balance for the year, $16,469. I suggest to the minister that the marketing service is one of the most important branches in this whole Dominion of Canada so far as agriculture is concerned. I suggest that very seriously, because marketing is the most important segment of the agricultural problem right now.

I am not criticizing in any way the amount of money that is spent, either in a special project or in any other project, if it is going to do some good in the marketing of agricultural products, but I wonder how the item of $100,000 is arrived at when last year's figure was only $23,900? I suggest the minister must have something in view. Since it is six o'clock perhaps I could ask him to bring in the program the next time the estimates are up and give us some of the projects that he is planning to do this year over and above those that were done last year.

Item stands.

Progress reported.

Resolutions adopted in committee of supply this day reported and concurred in.

BUSINESS OF THE HOUSE

Mr. Harris: Mr. Speaker, on Monday we shall take the resolution in my name with respect to fiscal arrangements with the provinces; then the items which appear on today's order paper as Nos. 4, 5, 6 and 7.

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

Question

ANSWER TO QUESTION

The following answer, deposited with the Clerk of the house, is printed in the official report of debates pursuant to standing order 39:

D.E.W. LINE HAUL—CANADIAN EMPLOYEES

Question No. 362—**Mr. Diefenbaker:**

How many Canadians were employed during the winter of 1954/55, by the various contractors on the haul to D.E.W. line points out of Eagle, Alaska, into the Yukon?

Answer by: **Mr. Langlois, Parliamentary Assistant, for the Minister of Transport:**

The government is not in possession of other information concerning the transport of D.E.W. line supplies out of Eagle, Alaska, than that given in the general statement on this matter made on April 9, 1956, at page 2725 of *Hansard*.

[The following items were passed in committee of supply]:

DEPARTMENT OF AGRICULTURE

Administration service—

1. Departmental administration (including advisory committee on agricultural services), $670,015.
2. Information service, $480,427.
3. Contributions to commonwealth agricultural bureaux in a total amount of £34,928, notwithstanding that payments may exceed or fall short of the equivalent in Canadian dollars, estimated as of December, 1955, which is, $97,799.

Science service—

Science service administration—

4. Operation and maintenance, including an amount of $134,025 for grants in aid of agricultural research in universities and other scientific organizations in Canada, $863,569.
5. Construction or acquisition of buildings, works, land and equipment, $2,100,000.
6. Bacteriology, $242,748.
7. Botany and plant pathology, $1,474,719.
8. Chemistry, $754,679.
9. Entomology, including a grant of $40,000 to the international congress of entomology to assist in defraying the cost of the tenth international congress of entomology to be held in Canada in 1956, $2,210,475.
10. Forest biology, $2,167,733.
11. Plant protection, $839,688.

Experimental farms service—

12. Experimental farms service administration, $211.122.

Central experimental farm, including research and co-ordinating divisions for the experimental farms service—

13. Operation and maintenance, including a grant of $5,000 to the international congress of genetics to assist in defraying the costs of the tenth international congress of genetics to be held in Canada in 1958, $2,428,466.
14. Construction or acquisition of buildings, works, land and equipment, $306,000.

Branch experimental farms, substations and illustration stations—

15. Operation and maintenance, $6,953,586.
16. Construction or acquisition of buildings, works, land and equipment, $2,122,000.

Production service—

17. Production service administration, $78,515.

Animal pathology—

18. Operation and maintenance, $715,074.
19. Construction or acquisition of buildings, works, land and equipment, $96,535.

Health of animals—

20. Administration of Animal Contagious Diseases Act, and Meat and Canned Foods Act, $5,698,838.
21. Compensation for animals slaughtered, including compensation for eggs destroyed from infected premises under terms and conditions approved by the governor in council, $290,080.
22. Live stock and poultry, $1,683,275.
23. To provide grants to fairs and exhibitions in accordance with regulations of the governor in council; for payments pursuant to agreements in force on March 31, 1956, with exhibition associations covering the construction of buildings and other major undertakings; and for a grant of $50,000 to the royal agricultural winter fair, Toronto, and freight assistance on livestock shipments for exhibition thereat, $926,500.
24. Grants to agricultural organizations, as detailed in the estimates, $234,400.
25. Plant products—seeds, feeds, fertilizers, insecticides and fungicides control, $1,484,618.

Marketing service—

26. Marketing service administration, $365,828.
27. Subsidies for cold storage warehouses under the Cold Storage Act, in the amounts detailed in the estimates, $92,374.
28. Agricultural economics, $637,362.
29. Dairy products, $798,723.
30. To provide for grants and other assistance in accordance with the Cheese and Cheese Factory Improvement Act, $1,050,000.
31. Fruit, vegetables and maple products, and honey, $1,442,226.
32. Livestock products, stockyard supervision and furs, $769,648.
33. Poultry products, $765,680.

HOUSE OF COMMONS

Monday, July 16, 1956

The house met at eleven o'clock.

INDUSTRIAL RELATIONS

PROVISION OF STATUTORY HOLIDAYS WITH PAY FOR EMPLOYEES

Mr. Stanley Knowles (Winnipeg North Centre) moved for leave to introduce Bill No. 441, to provide for pay for statutory holidays for employees and for pay for work performed on statutory holidays.

An hon. Member: Explain.

Mr. Knowles: Mr. Speaker, the purpose of this bill is to make provision for at least eight statutory holidays with pay each year for all employees in Canada who come under the legislative jurisdiction of this parliament. It also provides for additional pay at overtime rates in the case of any employees required to work on statutory holidays.

This is a companion bill to Bill No. 211. Taken together they provide each year a minimum of two weeks' vacation with pay and a minimum of eight statutory holidays with pay for all workers in Canada who come under federal labour jurisdiction.

Motion agreed to and bill read the first time.

GRAIN

INTERNATIONAL WHEAT AGREEMENT

On the order:

Government notices of motions—the Minister of Trade and Commerce—the following proposed resolution:

That it is expedient that the houses of parliament do approve the international wheat agreement opened for signature at Washington on May 14, 1956, and that this house do approve the same.

Mr. Speaker: This is transferred to government orders.

ST. LAWRENCE SEAWAY AUTHORITY ACT

AMENDMENT PROVIDING AUTHORITY TO CONSTRUCT AND OPERATE BRIDGE

Hon. W. E. Harris (for the Minister of Transport) moved that the house go into committee at the next sitting to consider the following resolution, which has been recommended to the house by His Excellency:

That it is expedient to amend the St. Lawrence Seaway Authority Act by repealing subsection 1 of section 14A thereof as enacted at the present session of parliament and substituting the following subsection therefor:

"14A. (1) The authority may, alone or jointly or in conjunction with the St. Lawrence Seaway Development Corporation of the United States, construct, maintain and operate, either

(a) a bridge over Pollys Gut in the St. Lawrence river for the passage of pedestrians, vehicles, railway trains and for other like purposes, with all necessary approaches and facilities, from Cornwall island in the county of Stormont in the province of Ontario to Massena point in the state of New York, or

(b) a bridge over the south channel in the St. Lawrence river for the passage of pedestrians, vehicles and for other like purposes, with all necessary approaches and facilities, from Cornwall island in the county of Stormont in the province of Ontario to the United States mainland in the state of New York."

Motion agreed to.

ROYAL CANADIAN MOUNTED POLICE

BRITISH COLUMBIA—ALLEGED REFUSAL TO ISSUE REVOLVER LICENCES

On the orders of the day:

Mr. Howard C. Green (Vancouver-Quadra): May I direct a question to the Minister of Justice. Before I do so, I should like to say how very glad I am—and I am sure everyone else in the house feels the same way about it—to see him back. Could the minister give the house a report concerning the action taken by the Royal Canadian Mounted Police this summer in refusing to issue licences to prospectors or men engaged in similar work in British Columbia to carry a revolver? There is quite a lot of objection to that course being followed. Apparently this is the first year it has been done, and the result may be that some of these men will lose their lives.

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, in rising to reply to my hon. friend's question I wish to thank him for his complimentary reference to myself and to say that there is no person in the house any more glad that I am back than I am myself. With regard to the question which he has asked without notice—

Mr. Green: I did not realize the minister would be here.

Mr. Garson: No, quite—my impression is that the Royal Canadian Mounted Police, in taking the actions which they did, have in every case administered the law as it stands. But I think I could perhaps give a more

satisfactory answer to my hon. friend if I checked with him in order to put myself in a position to explain how it was that they have administered the law in these cases to which my hon. friend has referred.

Mr. Green: I point out that apparently this practice has not been followed in earlier years and that for some reason or other the police have cracked down this year. It may be that the law should be amended but something should be done about it quickly because these men are forced to go into the bush without revolvers.

Mr. Garson: The reason I answered in the way I did is that one or two individual cases came to my attention and I checked them and found that they had been dealt with in accordance with the law, and that what in my opinion was proper discretion had been exercised in those particular cases. I do not know whether or not these are the ones to which my hon. friend refers, and I think it would be helpful to me if he could give me the names of some of the cases he has in mind.

Mr. Herridge: May I say that this is a matter of great interest to a number of my constituents, and I would ask the minister to inquire into the circumstances and what has been the practice in the past.

NEWFOUNDLAND—REQUEST FOR INVESTIGATION INTO DELAY IN PAY

On the orders of the day:

Mr. C. W. Hodgson (Victoria, Ont.): I should like to bring to the attention of the Minister of Justice the back pay of the mounted police. I understand that in Newfoundland they are behind some three or four months and the amounts run from $43 to $55 a month for these constables. Will the minister look into the situation and give us a reply tomorrow?

Hon. Stuart S. Garson (Minister of Justice): Yes, Mr. Speaker.

AIR TRANSPORT

THE GOVERNOR GENERAL—INQUIRY AS TO PLANE PROVIDED FOR TRIP

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): I should like to direct a question to the Prime Minister. Why was it that during the recent official trip of His Excellency the Governor General to western Canada he was required to travel in a more or less second-class unpressurized aircraft rather than one similar to that properly used by the Prime Minister and also those used by the Department of Transport? Surely His Excellency, as Her Majesty's representative, should not be required to travel in a second-class aircraft.

Right Hon. L. S. St. Laurent (Prime Minister): I quite agree with the hon. gentleman and I will inquire into the situation. I am quite sure there must have been good reasons for the fact that the C-5 was not available to His Excellency for that trip. I will make inquiries as to the reasons and make a further reply when I have received the information.

ROYAL CANADIAN AIR FORCE

INQUIRY RESPECTING DECISION TO DISBAND MOUNT HOPE STATION

On the orders of the day:

Hon. George A. Drew (Leader of the Opposition): I wish to direct a question to the Minister of National Defence. Has the minister taken any action in regard to 424 squadron at Hamilton as a result of the representations which have been made to him?

Hon. R. O. Campney (Minister of National Defence): No, Mr. Speaker. I have received a number of representations personally and by letter from persons in Hamilton, and last week the chief of the air staff discussed the matter fully with a delegation of air force reserve officers from the squadron. These officers requested that they be given more time to prepare some further representations which they wished to make. That request was granted, and I believe they are now preparing some further data which they wish to take up with the chief of the air staff.

Mr. Drew: In view of the fact that the subject is being given further consideration, will the Minister of National Defence consider taking steps to permit flying to continue at Mount Hope until the department has had an opportunity of considering the further representations which apparently have been invited as well as permitted?

Mr. Campney: Mr. Speaker, I shall be glad to take up with the chief of the air staff the question of whether flying should be continued under present circumstances at Mount Hope. I am not just sure as to the exact position at the moment.

Mr. Drew: I have one further supplementary question in relation to the same subject. If there is in fact to be a reconsideration of this matter, as the minister has implied, would it not be reasonable to permit flying to continue so that the squadron may be maintained in being until such time as the decision has finally been made?

Mr. Campney: It might be, Mr. Speaker; but I am not familiar with the state of flying operations at the Mount Hope airport since the decision was taken. I therefore would wish to take the matter up with the chief of the air staff.

IRRIGATION

SOUTH SASKATCHEWAN RIVER—INQUIRY AS TO POSSIBLE CHANGE IN GOVERNMENT POLICY

On the orders of the day:

Mr. H. R. Argue (Assiniboia): Mr. Speaker, I should like to direct a question to the Prime Minister arising out of the question I addressed to the Minister of Agriculture on June 26, and his reply that it would be referred to the Prime Minister on his return. I think the question is appropriate since we are about to launch into a discussion of federal-provincial relations. The question is this: Has the federal government now decided that the building of the South Saskatchewan dam would be in the national interest? Has the government made any offer to Saskatchewan as to the terms on which it would agree to proceed with such construction?

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, the answer to the two questions is a negative one. No decision has yet been made that the government would take the responsibility of recommending that project as one that was in the national interest.

NATIONAL REVENUE

LETHBRIDGE—INQUIRY AS TO CLOSING OF DISTRICT OFFICES

On the orders of the day:

Mr. J. H. Blackmore (Lethbridge): I wish to direct to the Minister of National Revenue a question of which I have already sent him notice. Has the minister received a letter from Dennis O'Connell, secretary of the Lethbridge chamber of commerce, stating that there were rumours that the income tax office in Lethbridge is to be closed and asking that the minister confirm that the rumours are well founded or deny that there is any truth in them?

Hon. J. J. McCann (Minister of National Revenue): I thank the hon. gentleman for having given me notice of his intention to ask this question. The answer to the first part is yes. We have received a communication from Mr. O'Connell, executive secretary of the Lethbridge chamber of commerce. Following the policy of the department, and in the interests of economy, all other suboffices of the taxation division have been closed. The office at Lethbridge will be closed, effective September 1, 1956. It is felt that the taxpayers will be better served by dealing directly with the Calgary district office instead of through an intermediary suboffice.

[*Later:*]

On the orders of the day:

Mr. Blackmore: I desire to ask the Minister of National Revenue a question supplementary to the one which I have already asked here. Will he tell the house tomorrow, or as soon as he can get the information together, how many stations or income tax offices similar to the one in Lethbridge have been closed or are being closed in each of the various provinces?

Mr. McCann: They have all been closed except Lethbridge, which will be closed on September 1. We find that running suboffices is not an economic thing, although at times during the year it is convenient for the particular residents of the community. But with modern transportation facilities, and with the full complement of people we need to run a tax office, we feel that Lethbridge can be better served from the main office in that part of Alberta, which is Calgary.

Mr. Blackmore: Mr. Speaker, I ask the minister if he can recall right off and give the house the number of similar offices that have been closed or are to be closed in western Canada this year.

Mr. McCann: Well, there are none in western Canada because Lethbridge was the only suboffice we have in western Canada.

PUBLIC WORKS

FALSE CREEK, VANCOUVER—INQUIRY AS TO FISH DOCK

On the orders of the day:

Mr. Howard C. Green (Vancouver-Quadra): May I direct a question to the Minister of Public Works? Press dispatches from the west coast indicate that work on the fish dock in False creek in Vancouver has been stopped, or in any event has been delayed, and that the city council has protested to both this government and the provincial government. Can the minister give the house a report? I tried to reach him before eleven o'clock but he was not in his office.

Hon. Robert H. Winters (Minister of Public Works): Mr. Speaker, I am not aware of any stoppage of work. I looked at that site a few months ago and work was going on then. I have received no report to the contrary, but I will look into the matter.

Inquiries of the Ministry

NATIONAL DEFENCE

RELEASE OF F-86 AIRCRAFT AS MUTUAL AID TO GERMANY

On the orders of the day:

Hon. George A. Drew (Leader of the Opposition): I wish to direct a question to the Minister of National Defence. Does he intend to inform the house as to the general arrangements under which 75 fighter aircraft are to be delivered to Western Germany, as announced in the press over the week end?

Hon. R. O. Campney (Minister of National Defence): Mr. Speaker, it has not been the custom to make announcements in the house with regard to transfers under mutual aid, but I have prepared some facts which I shall be glad to give to the hon. member and the house.

In accordance with the normal procedure which has been established to handle mutual aid, the advice of the supreme allied commander was sought last December in regard to the release of 75 F-86's which would become available during the latter part of this fiscal year.

The supreme allied commander recommended that the release of these aircraft would make the greatest contribution to NATO if the whole of these aircraft were released to the federal republic of Germany to allow the early build-up of the West German forces. This recommendation was further discussed with the standing group in early February and was later confirmed by the Canadian government, and as is the usual custom, the offer was made through diplomatic channels.

This is exactly the same procedure which has been used in the past for the release of other mutual aid, including fighter aircraft. Three hundred and seventy F-86's were transferred as mutual aid to the United Kingdom jointly by Canada and the United States in 1952-53. One hundred and seven aircraft were allotted to each of Greece and Turkey in 1954 and deliveries are just being completed.

There have been numerous transfers of items of mutual aid throughout the years and it has not been customary to announce any such transfers in the house, but references have been made to our mutual aid program in the white paper and in the discussion on the mutual aid item of the national defence estimates.

Mr. J. G. Diefenbaker (Prince Albert): May I ask a supplementary question arising out of the answer given by the minister? Who is on the committee of NATO that makes the determination as to the allotment of aircraft? Is its consent required to any allotment such as this being made? Has it been consulted in reference to the request of Israel for 24 fighter aircraft?

[Mr. Winters.]

Mr. Campney: The committee which deals with and recommends the allocation of mutual aid, subject to the recommendation of the supreme commander, is known as the standing group. The standing group consists of a representative of each of Great Britain, the United States and France. The procedure that is followed, and which I have just outlined, is the usual procedure in securing the approval of mutual aid transfers.

The question to which the hon. member referred having to do with Israel has nothing to do with NATO procedure and has nothing to do with mutual aid. It is an entirely different matter. The procedure to which I have been referring is the one that covers mutual aid transfers to NATO allies.

Mr. Diefenbaker: May I ask the minister, is it a fact then that aircraft can be furnished to Israel or to any country by Canada without the other nations of NATO in any way being consulted as to whether or not they approve of that being done?

Mr. Campney: Well, Mr. Speaker, the question of gifts, sales or disposal of equipment to countries other than those within the NATO alliance is a matter between the countries concerned, and has never been regarded as coming within the purview of NATO. If we make gifts or transfers within NATO, the procedure I have outlined is followed. If we are making transfers to countries outside of NATO, it is a matter of negotiation and discussion between the countries concerned and ourselves.

PIPE LINES

NORTHERN ONTARIO PIPE LINE CROWN CORPORATION—APPOINTMENT OF GENERAL MANAGER

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I ask the Prime Minister whether he is yet in a position to answer my question of Friday concerning Mr. Victor G. Bartram, general manager of Northern Ontario Pipe Line Crown Corporation, with respect to his directorships in private companies?

Right Hon. L. S. St. Laurent (Prime Minister): No, Mr. Speaker, I am not yet in a position to answer the hon. gentleman's questions.

ATOMIC ENERGY

INQUIRY AS TO RUSSIA'S SUGGESTION TO END EXPERIMENTATION

On the orders of the day:

Mr. Solon E. Low (Peace River): Mr. Speaker, may I direct a question to the Secretary of State for External Affairs. Would he care to tell the house this morning how he feels about Dmitri Shepilov's suggestion that the nations reach some agreement other than within the United Nations or outside of it for putting an end to atomic energy experimentation and explosions?

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, I think that is a question that might better be answered in a general discussion on external affairs. However, I would refer my hon. friend to the statement made by the Minister of National Health and Welfare at the disarmament committee of the United Nations the other day which did give the present Canadian position on this matter.

[*Later:*]

On the orders of the day:

Mr. J. H. Blackmore (Lethbridge): Mr. Speaker, I desire to ask a question of the Secretary of State for External Affairs supplementary to the one which was asked of him by the hon. member for Peace River (Mr. Low). When the minister goes into detail concerning the invitation which Canada apparently has received to discontinue the practice which we have been carrying on of training ourselves in the use of nuclear weapons, will the minister hold himself prepared to explain to the committee and the hon. members what weapons Canada could have recourse to which would help compensate for the colossal disparity of numbers which would be in existence once we engaged in a major conflict with the 800 millions of the communist world?

Mr. Pearson: Yes, Mr. Speaker.

POST OFFICE DEPARTMENT

INQUIRY AS TO RETIREMENT OF DEPUTY POSTMASTER GENERAL

On the orders of the day:

Mr. W. M. Hamilton (Notre Dame de Grace): Mr. Speaker, I should like to ask the Postmaster General whether his deputy minister's announced intention made on Friday is of the irrevocable type or of the more liberal revocable type?

Hon. Hugues Lapointe (Postmaster General): Mr. Speaker, like my hon. friend, I did read with interest the articles which appeared in the various papers on Friday. I was not surprised, since the deputy minister had announced publicly on three occasions, to my knowledge, before groups of postal employees that it was his intention to retire from the service after the universal postal union congress in 1957 and after 41 years' service. I must say that he had also, to my knowledge, informed his associates in the department and that he had informed me when I first took over this portfolio.

Mr. Hamilton (Notre Dame de Grace): As a supplementary question, did the Postmaster General study carefully the reasons given on Friday by his deputy for his proposed retirement?

Mr. Lapointe: Well, Mr. Speaker, I did read the newspaper articles. The only reason directly attributed to the deputy minister himself that I know of was that he felt that a man after 41 years' service in a high level position of responsibility such as that of deputy minister should, if he is capable, permit others to have access to these higher positions. That, to my knowledge, is the only statement of any authority that he did give. I have questioned Mr. Turnbull and he told me, and pointed out rightly, that the remainder of the statements in the various articles which had been attributed to him were purely newspaper speculation.

Mr. Hamilton (Notre Dame de Grace): Mr. Speaker, as a supplementary question—

Some hon. Members: Order.

Mr. Hamilton (Notre Dame de Grace): This, Mr. Speaker, is a supplementary question.

Some hon. Members: Order.

Mr. Hamilton (Notre Dame de Grace): As a supplementary question—

An hon. Member: Order.

Mr. Hamilton (Notre Dame de Grace): Mr. Speaker, as a supplementary question—

Mr. Speaker: Order.

Mr. Hamilton (Notre Dame de Grace): Mr. Speaker, as a supplementary question, would the Postmaster General inform the house where he saw the statement which he attributed to a press conference to the effect that the deputy postmaster general was retiring in order to allow others to move into his position?

Mr. Lapointe: Mr. Speaker, I am sorry; I did imply it was a press statement. I should have said it was a statement that came over the C.B.C. It was given by the deputy minister to the C.B.C.

INQUIRY FOR RETURN

HIGHWAY BRIDGES—FEDERAL CONTRIBUTIONS

On the orders of the day:

Mr. F. G. J. Hahn (New Westminster): Mr. Speaker, I should like to direct a question to the Secretary of State. When may I expect an answer to my question which was made an order for return on April 11 of this year?

Hon. Roch Pinard (Secretary of State): I shall inquire, Mr. Speaker.

PUBLIC SERVICE

SUGGESTED APPOINTMENT OF WOMAN MEMBER TO THE CIVIL SERVICE COMMISSION

On the orders of the day:

Mrs. Ellen L. Fairclough (Hamilton West): Mr. Speaker, I should like to direct a question to the Secretary of State. Since it is now a year from the time a vacancy occurred on the civil service commission and since there have been repeated statements to the effect that a woman would be appointed to that vacancy, can the Secretary of State report to the house what progress has been made with reference to filling that position?

Hon. Roch Pinard (Secretary of State): Mr. Speaker, I did refer to that during the discussion of the estimates of the civil service commission, and when an announcement is ready it will be made in due course in the house.

TAXATION

MEASURE TO PROVIDE FOR AGREEMENTS WITH PROVINCES

Hon. W. E. Harris (Minister of Finance) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to provide that the Minister of Finance may pay to a province, out of the consolidated revenue fund, in respect of any fiscal year in the period commencing on the first day of April, 1957, and ending on the 31st day of March, 1962

(a) a tax equalization payment with respect to individual and corporation income taxes and succession duties;

(b) a provincial revenue stabilization payment with respect to such taxes; and

(c) a tax rental payment in accordance with a tax rental agreement that may be entered into by any province as an alternative to levying such taxes on its own behalf;

and also to authorize tax collection agreements with the governments of the provinces.

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

Mr. Harris: Mr. Chairman, all the relevant correspondence and documents have been tabled from time to time in connection with the various steps which were taken to arrive at the point we have come to today so I do not intend to take very long at the resolution stage in dealing with this particular matter; however, since the resolution does precede a bill which in many respects will be substantially different from the tax rental arrangements under which we have been operating since 1952, I think it would be appropriate to make some remarks and to place a few explanations before the committee.

As the resolution indicates, it will precede a bill which will implement the offer made to the provincial governments as a result of the several conferences held during the past 15 months. A great deal of study has been given to the subject of financial arrangements with the provinces in that time. We met first on April 26 of last year to decide what matters should receive consideration. We met again in June to work out an equitable method of sharing the costs of unemployment assistance, and our legislation with respect to this received the royal assent last week. On October 3, the main conference was held. At that time, while fiscal matters were the main topic of discussion, other important subjects of mutual concern were also considered. In November, we agreed to pay a greater share of trans-Canada highway costs. In January of this year, the sub-conference on health insurance met, resulting in specific proposals being made to the provincial governments for federal participation in a national scheme. The final conference on the fiscal proposals took place on March 9 and at that time the plan which is the basis of the bill was discussed in detail, it having been made available in a proposal by letter dated January 6. In addition to these ministerial conferences, numerous meetings have been held at the official level to discuss details of the various questions brought forward. Arrangements have been made for the continuation of these official meetings from time to time in the future.

Government in a federation is not a simple process for the provincial and federal governments. For that matter government in these times is not a simple matter anywhere, but additional complications are present in a federal state in the fact that by its very nature the freedom of action that exists in a unitary state is absent. For all this there is no questioning that it is the form best suited to our needs, for only in this way is a reconciliation possible of the differing factors of economics, geography, race, custom and

religion. The fathers of confederation understood this, even though some of them, including Sir John A. Macdonald, believed that a unitary state would have been more suitable in the circumstances then prevailing.

As I see it, the federal government has two purposes that are essentially complementary and not conflicting. It must perform those functions of national interest that are specifically assigned to it under the constitution and further, and this is of equal importance, it must act as a unifying influence, drawing together, by all proper means at its disposal, the constituent parts of the nation. The federal government is not the creature of the provinces nor are the provinces creatures of it. Each has its own assigned responsibilities, but it is the federal government that must provide the unifying force that makes a nation out of what would otherwise be a confederacy of the loosest sort. And so it follows that in the fiscal arrangements with the provinces, the federal government must follow a policy advantageous to the best interests of the whole of the country.

It is in this atmosphere that we have worked out what we consider to be a fair and logical approach to our fiscal problems with the provinces. I said "approach". I was not even tempted to say "solution" because no final solution is practicable, and in this fact lies much of the merit of these limited arrangements. Times and men both change, and our problems will change with them. Always, however, we should have a plan which is equitable and which makes it possible, in so far as this can be done, for all citizens of Canada, no matter where they live, to enjoy that reasonable standard of services that they have a right to expect.

There is, I am sure, no necessity for me to go into the background of federal-provincial financial relations at this time. The historical aspects of the subject are readily available and have been placed before the house on many occasions. I believe, however, that a brief reference to the events leading up to these current arrangements might serve a useful purpose.

The wartime tax agreements, while limited in scope, were the forerunners of the tax rental agreements of 1947 and 1952. They were intended as temporary expedients to permit the federal government to raise the necessary high wartime revenues as equitably as possible between taxpayers, while at the same time permitting the provincial governments to operate on an assured income sufficient for their needs in time of great national emergency. They were emergency solutions to a short-term problem and obviously never were intended to be applied to times when a normal expansion of provincial services would be required.

These agreements, that is those which were made at the end of the war-time period were strictly fiscal in nature and did not attempt to cover the broad social and economic fields as visualized in the original post-war proposals. Under the first post-war tax rental agreements, Canada rented from all the provinces, except Ontario and Quebec, the fields of succession duties, individual and corporation income taxes and corporation taxes, in return for payments which from a guaranteed minimum would increase with changes in population and gross national product per capita.

In the period of these agreements, April 1, 1947, to March 31, 1952, in line with decreasing costs of defence, the federal government was able to make substantial advantages available to the provinces by withdrawing from certain of the consumption tax fields it had occupied during the war. In addition, of course, we continued to withdraw from other fields down to and including 1953, when the stock transfer tax was dropped. We also shared with the provinces the returns from taxation of public bodies dealing with the generating or distributing of electrical energy, gas or steam. We are now proposing to allow the provinces to enter the field of taxation on insurance premiums, which at the current rate yields about $22 million a year. In addition, since 1948 there has been a large increase in the special grant programs, the most important of which in dollar amounts have been the national health program, on which over $185 million has been paid the provinces, and the trans-Canada highways program where these payments have totalled about $82 million to date.

Owing in part to their successful operation and in part to an extremely dangerous international situation, no basic changes were made in the principles of the tax rental agreements as renegotiated for 1952. The payments were on a more generous scale than before, and it was largely owing to this that Ontario entered into an agreement, along with eight of the remaining nine provinces.

When it came time to consider what should be done when the tax rental agreements expired at the end of this fiscal year, we carefully studied what had been accomplished in the years that they had been in effect. While no economic yardstick can be applied to measure the value of such things, some fairly obvious conclusions can be drawn:

1. They have made possible the utilization of the corporation and individual income tax field, largely without disagreement or duplication.

2. They have avoided unnecessary and wasteful administrative duplication of tax collection machinery with substantial savings to both taxpayers and governments alike.

3. They have provided financial assistance to provinces that would have had difficulty in maintaining services at a reasonable level by their unaided efforts, thus compensating for a concentration of these taxing powers in a few of the provinces.

4. They have provided the means of fiscal control through taxation which has proved a useful power on occasion.

These were the results that we had to evaluate and, while we were quite aware that the agreements were not without faults, we had to be sure that there was some more satisfactory approach to our mutual problems before we discarded what we had.

During the course of our meetings with the provinces, I suggested certain objectives that I thought we should keep in mind in seeking a solution to these problems. We should try to assure, as far as possible, that both the federal and provincial governments have access to revenue sources consistent with their responsibilities and at the same time we should promote simplicity, economy and equity in the tax system as a whole and in the machinery of tax collection. In so far as is possible within our constitutional limits, we should endeavour to develop and maintain fiscal arrangements that will contribute to high and stable levels of employment and that will tend to moderate rather than exaggerate the ups and downs of economic activity.

While the tax rental agreements now in their tenth and final year have gone a long way toward meeting these objectives, in some ways they do not meet all the criteria to which some provinces attach particular importance. The proposals incorporated in this bill are designed to reconcile as far as possible these various conflicting points of view.

These new arrangements provide increased room for the provinces to utilize their taxing powers and at the same time to share through unconditional equalization payments the tax fields covered by these proposals. By this sharing, the equalization payments provide the fiscal assistance that will aid the provinces in meeting a standard of services that would not otherwise be possible.

Secondly, by means of the stabilization payments they place a floor under a large segment of the provincial revenue system which has from time to time in the past shown evidence of instability. It is our hope that the steady growth of this country will continue in a manner that will make the operation of this part unnecessary. Nevertheless, this is a policy of insurance that has been sought by the provinces, which have been conscious of their vulnerability to economic change in the light of past experience. The stabilizing effect of a provision of this nature on the public sector of the economy should not be minimized and its general acceptance emphasizes the importance of a strong and continuing federal position in fiscal matters.

Third, they provide means for the development of a method of preserving the simplicity and economy of our tax system in these three common fields of taxation.

These arrangements make it possible for us to retain these advantages that have been an essential part of the tax rental principle and at the same time provide freedom of action to the provinces.

These proposals provide an answer to a very substantial extent to the problems confronting us. By them the provinces will have available from the tax fields in which we are mutually concerned revenues that are in our view consistent with their actual responsibilities now and with those that seem likely to develop in the next five years. It is characteristic of the freedom of action that exists under these new arrangements that any province that feels it requires more or less revenue from these tax fields is entirely at liberty on its own responsibility to impose and collect at whatever rates it deems suitable without sacrificing the assistance the equalization and stabilization payments supply.

The problem of determining the financial limits of these proposals has not been an easy one. We have tried in every way to be sympathetic to the many legitimate provincial claims and at the same time reconcile them with our national responsibilities. It is our view that in the limits decided upon both questions have been met in so far as it is possible to reconcile the needs of our expanding expenditures with restricted if buoyant revenues.

I should like to have the committee's permission to table a statement illustrating the workings of these proposals in the first year of the new arrangements, 1957-58, and I would ask permission to have it put on *Hansard*.

The Deputy Chairman: Has the minister permission?

Some hon. Members: Agreed.

Mr. Harris: The table is as follows:

ESTIMATE OF THE OPERATION OF FINANCIAL ARRANGEMENTS UNDER PROPOSED 'FEDERAL-PROVINCIAL TAX-SHARING ARRANGEMENTS ACT' FOR THE FIRST FISCAL YEAR 1957–58 UNDER CERTAIN ASSUMED ECONOMIC CONDITIONS (see footnote)

(all figures in thousands except per capitas and percentages)

—	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Total
1. Estimated Population 1957	432	108	703	578	4,700	5,509	867	929	1,172	1,377	16,375
2 Yield of Standard Taxes	4,355	840	9,725	7,375	129,965	213,500	18,765	13,255	26,100	49,525	473,405
3. Per capita yield of Standard Taxes	10.08	7.78	13.83	12.76	27.65	38.75	21.64	14.27	22.27	35.97	—
4. Equalization per capita to top 2 ($38.20)	28.12	30.42	24.37	25.44	10.55	—	16.56	23.93	15.93	2.23	—
5. Equalization payment for 1957–58	12,150	3,285	17,130	14,705	49,585	—	14,360	22,230	18,670	3,070	155,185
6. Standard Taxes plus Equalization payment	16,505	4,125	26,855	22,080	179,550	213,500	33,125	35,485	44,770	52,595	628,590
7. —per capita	38.20	38.20	38.20	38.20	38.20	38.75	38.20	38.20	38.20	38.20	38.39
8. Stabilization payment for 1957–58 [1]	—	145	—	—	—	—	—	—	—	735	880
9. Revenue available from 2% Provincial Insurance Premium Tax	235	70	780	565	6,325	10,170	1,110	660	1,580	2,100	23,595
10. Total Revenue available 1957–58	16,740	4,340	27,635	22,645	185,875	223,670	34,235	36,145	46,350	55,430	653,065
11. —per capita	38.75	40.19	39.31	39.18	39.55	40.60	39.49	38.91	39.55	40.25	39.88
12. Tax Rental Payment available in 1956-57 [2]	14,155	4,165	21,975	18,505	140,515	169,875	28,620	28,625	35,265	50,715	512,415
13. —per capita (1956 pop.)	33.54	38.56	31.71	32.58	30.48	31.78	33.36	31.49	31.51	37.82	32.08
14. Increase in Proposed Formula in 1957–58 over 1952 Agreement Formula in 1956-57.	2,585	175	5,660	4,140	45,360	53,795	5,615	7,520	11,085	4,715	140,650
15. Per cent Increase	18·3	4·2	25·8	22·4	32·3	31·7	19·6	26·3	31·4	9·3	27·4
16. —per capita Increase	5.31	1.63	7.60	6.60	9.07	8.82	6.13	7.42	8.04	2.43	7.80
17. Tax Rental available in 1957-58 if the 1952 Agreement Formula were continued [3]	14,890	4,270	22,865	19,320	146,620	179,290	29,620	30,010	37,990	53,330	538,205
18. —per capita	34.47	39.54	32.52	33.43	31.20	32.54	34.16	32.30	32.41	38.73	32.87
19. Increase in Proposed Formula in 1957-58 over the 1952 Agreement Formula in 1957-58	1,850	70	4,770	3,325	39,255	44,380	4,615	6,135	8,360	2,100	114,860
20. Per cent Increase over 1952 Formula	12·4	1·6	20·9	17·2	26·8	24·8	15·6	20·4	22·0	3·9	21·3
21. Per capita Increase over 1952 Formula	4.28	0.65	6.79	5.75	8.35	8.06	5.32	6.60	7.13	1.53	7.01

The yield of standard taxes and the insurance premium tax have been increased by 6% per annum over the basic 1955 data. The distribution of taxable incomes, profits and successions between provinces is on the basis of data presently available. 1956 Federal rates for individual income tax and succession duty have been used.

[1] To bring up to tax rental payment available in 1957/58 if the 1952 Agreements were to be extended.

[2] Estimated on Gross National Product at factor cost of $23.56 billion (Corresponds to GNP of $26.77 billion at market prices).

[3] Estimated on Gross National Product at factor cost of $24.70 billion (Corresponds to GNP of $28.00 billion at market prices).

This statement is for illustrative purposes only

Federal-Provincial Financial Arrangements

This illustration, and it is only that, assumes, of course, certain economic conditions at that time. Briefly, the result is that in this first year there will be available to the provinces some $653 million, including the revenue from the insurance premium tax which is to be made available to them. This is nearly $115 million or over 20 per cent more than would be available if the present tax rental agreements were to be extended for all provinces into the year in question. This $653 million is made up as follows:

1. Unconditional equalization grants	$155 million
2. Revenue from individual income, corporation income and succession duties either by way of rental or by direct provincial impost without additional tax burden on the taxpayer	474 million
3. Insurance premium tax	24 million
	$653 million

These payments are very substantial and, taken in conjunction with the growth factors that will operate and the heavy contingent responsibilities of the stabilization payments, make any greater payment impracticable at the present time under present circumstances. I know that this house is acutely aware of the very heavy stress laid upon the federal budget by the responsibilities of defence. These costs total almost 40 per cent of our expenditure and while they are more or less stabilized at this time we cannot be sure what outlay may be required to maintain our security.

During the past 15 years, with the consent and often at the urging of the provincial governments, the federal government has taken on heavy expenditures for objectives which have not been considered, traditionally or constitutionally, federal responsibilities. I think particularly of those in the field of social welfare where payments for unemployment insurance, family allowances, old age pensions and assistance and like measures now cost us close to $900 million a year, and this is constantly rising. In addition, we have commitments to the provinces in health, trans-Canada highway, university and vocational grants, among others, that add substantially to our costs.

We are under constant pressure from all sides to increase these forms of aid—I need not remind hon. members of that—and I need only point out as an illustration of this growing burden that since these present negotiations started in April of last year we have assumed responsibilities in connection with unemployment assistance which in a year such as 1954-55 would cost us $25 million. We have further agreed in principle to assume costs in connection with a national health insurance program that could easily total over $180 million in a year. Both these are constitutionally the direct responsibilities of the provinces. If the presumed payments become a reality, this means that together with the increase provided by this bill our annual outlay for these matters to the provinces would have gone up by about $320 million as a result of our recent conferences.

I think it becomes quite clear that there is a very practical limit to our ability to dispose of our revenue sources and it is our view that this limit has been reached under present circumstances with these proposals at this time.

Under the rental agreements fiscal aid was an essential part of the payment made. Under the 1956 proposals any element of fiscal aid has been separated from the rental feature and payments will be based on the value of the field in the province concerned. By renting, the provinces may obtain the benefit of these taxes without a taxing statute and without administrative costs. However, much the same result can be obtained less directly and where a provincial government would prefer to have legislation of its own for individual or corporation income taxes that is consistent with the federal legislation at the rate allowed as offsets to federal tax, this government is prepared to enter into agency agreements for the collection of these taxes at a fee proportionate to the costs.

On the whole I think we have some reason to be gratified with the degree of acceptance which the principle of our proposals has received in the provinces. We have not reached and would not expect to reach unanimous agreement on the proper division of these tax fields. We have had our differences, but I think it is a matter of great satisfaction to all who have been concerned in these negotiations that they have been marked by sympathy and understanding of each other's problems.

To sum up, Mr. Chairman, the bill will provide for: (1) Collection agreements on behalf of the provinces; (2) tax rental agreements; (3) a tax equalization payment to those provinces in which the yield at the standard rates is below the average of the yields in the highest two provinces; (4) a provincial revenue stabilization payment to any province when the yield of the present proposal falls below certain floors; (5) abatement of tax in a province where there is no tax rental agreement is supplied in the Income Tax Act.

Mr. Drew: Mr. Chairman, the statement just made by the Minister of Finance gives a somewhat comfortable interpretation of the situation which exists, an interpretation very much in contrast with what those of us who

have been reading the press were under the impression did in fact prevail. When the minister says that we have not reached and would not expect to reach agreement I must say that he is using a very mild and rather deceptive interpretation of the vehement denunciation there has been of the inadequacy of the proposals now put forward.

The minister has pointed out that there will be a very substantial increase in the amount of money to flow from the federal treasury to the provinces over and above what would have been payable under a continuance of the present tax rental agreements. There is no question as to that fact. That, however, should immediately bring to our attention the source of these revenues from which payments will be made. These are revenues that by tradition were primarily provincial revenues under the concept of confederation. This is not a case of a generous handout by the federal government. This is or should be an attempt to reach a just, sensible and reasonable solution of the use of the main fields of direct taxation which are the fields primarily open to the provincial governments.

I agree with what the Minister of Finance has said in regard to the extent to which this subject has been discussed in detail. I do not believe that it is necessary to review the history of the federal system on this occasion and particularly at the resolution stage. Nor do I think it is necessary to go into the history of the various stages by which we have reached this point. However, I think it is essential that we recall that if in fact we believe in the federal system, we must remember the basic proposition that the power to tax is the power to govern. We must remember that if one government becomes dependent on another government to the extent of a considerable part of its revenues, then its real right to govern as an independent body may become more than illusory; it may become a myth with serious consequences to the survival of the federal system in Canada.

We are not dealing now with something that has not been discussed frequently before this time. But it seems necessary to reiterate the basic proposition that wherever governments have become dependent upon other governments for their revenues in substantial measure, fixed upon some rigid pattern, the fate of those governments has usually been in jeopardy. That goes back over a long range of history. It has not always been the case that central governments made payment to the local governments. Actually in the Weimar republic in Germany after the first world war the situation existed under which the central government became largely dependent upon payments from the states. That situation seriously weakened the central democratic government in Germany; it seriously weakened its capacity to meet the urgent problems of the times.

Here in Canada we have a case which has been paralleled in other jurisdictions over the centuries, and that is a situation where the provincial governments, as a result of certain historic facts, are becoming more and more dependent upon the federal government. What is more, the municipal governments are becoming more dependent upon the federal government and the provincial governments with which they are directly associated. It is customary for us to use the legal expression that the municipalities are the legal creatures of the provinces. It would always be well for us to remember that these municipalities are very real entities and not just constitutional bodies. They are very real entities which predate confederation itself. They are very real entities which in some cases represent the actual beginning of all our history. They are very real entities where the roots of our democratic system grow. Therefore the needs of the municipalities and the plight of the local ratepayer—whether he be a home owner, a tenant or an operator of a business—are things which we must have vividly before us when we attempt to assess the adequacy or otherwise of the arrangements that are made with the provinces.

There sometimes may be a tendency to think of these large payments—and they are large payments—as something which simply affects the provincial governments in their various duties. Let me point out how heavy the responsibilities of the provinces are with regard to the municipalities. Merely as an example, and not because it happens that I had some close association with that province for some time, I should like to point out what happens in the province of Ontario, and I may say it happens in varying degrees in other provinces across Canada. Some 40 per cent to 45 per cent of the total revenue available to the government of the province of Ontario —whether by way of payment from the federal treasury or from its independent collection of money—is passed over to the municipalities or to various local municipal agencies. That percentage represents a tremendous proportion of the total money that goes to a provincial government. The figures are not available right across Canada with regard to the exact amount that is payable in that way to the various municipal agencies such as school boards and other local bodies of that kind. But what is abundantly clear is that when we consider the amount of money that goes to the provincial governments we are in fact also considering the position of

the municipalities and in turn, of course, the position of the local taxpayer as well.

When I listened to the statement made by the Minister of Finance I could not help recalling the opening words of a pamphlet on the negotiations which have taken place up to the present time and which was written by Mr. J. Harvey Perry, the director of the Canadian Tax Foundation. I think I will read these words because they set forth fairly clearly not only the problem that confronts us but the way in which the general public looks upon these highly involved discussions which are represented in such a table as that which was put on *Hansard* this morning and which is now before us. These are the opening words in the foreword to his pamphlet which was published in February of this year:

> Surgery in all its forms is now so complicated that the layman has long since ceased to understand anything but the simplest operation. Among the more baffling of the modern techniques is that employed every five years by our politicians in dissecting the Canadian body fiscal. Even the intelligent citizen earnestly trying to understand finds it difficult to decide whether this quinquennial quartering of the tax system involves highly skilled surgery or merely sophisticated butchery. In part this is attributable to the fact that the really vital incisions take place in the decent privacy of the conference room. But it also arises no doubt from the frustration of attempting to relate the periodical bulletins on the progress of the patient, in which developments appear to be expressed in the equivalent of algebraic equations, with the ritualistic invocations and tribal incantations which mark all outward aspects of the performance. This state of frustration the citizen could probably ignore if it were not for a niggling feeling that all these events must in some way be of importance to his welfare.
>
> In this, of course, the citizen is wholly right. These are matters of great importance to him, and he should have some idea of what is going on.

I have read those words, Mr. Chairman, because it must have seemed to many of the hon. members here that they were hearing something in the nature of tribal incantations when they heard flowing from the lips of the Minister of Finance some of those references to the discussions which have taken place and the formulae which are embraced in the various agreements which have existed in the past and which are now being supplemented by the measure under consideration. In fact, one might go a little farther. From the statements that have been made by many of the provincial premiers it would seem certain that this is not merely sophisticated butchery, but cynical butchery of our federal system. These statements must have come, and I am sure did come, to the attention of the members of the government. They do not come from any one single premier. They came from different premiers across Canada who have complained bitterly of the fact that whether the increase over the amount that would have been payable by a continuance of the tax rental agreements be $163 million or some other figure, these are hopelessly inadequate to meet the demands not merely of the provincial governments, but perhaps even more important of the municipal governments in relation to the rapidly pyramiding demands of our society at this time.

We have entered a period where old standards have simply become meaningless. We have been hearing of the crisis of education. It is more than that. It may well become a tragedy. Just today I was reading a statement that in Paris, France, there is great concern about the fact that only one-third of the number of pupils who ordinarily pass certain examinations in that city have passed on this occasion. This is a symptomatic problem. In order to meet the shortage of space, examination standards are being raised to a point where many children are being denied the opportunity for advanced education which they really need, and which this country needs at this time with the demands of technical and other skilled training.

This is no theoretical problem. This is a very real problem, a grave problem, and one with immense implications for the future of our country. It may well be that within the period of five years that these present agreements are to run, the demands on accommodation in our schools, our technical institutions and our universities, will have mounted beyond all recognition. If the present rate of growth continues in many parts of Canada, the schools of today will be hopelessly inadequate for the demands of five years from now. Already university accommodation is utterly inadequate for the present demands, let alone the demands of the future. At this time young people who have written their university examinations are waiting in suspense, not merely to know whether they passed their examinations, but to know whether they passed their examinations with a standard sufficiently high to get them through the gateway of the university they desire to enter. It is an agonizing situation. No longer is it a mere question of ability to pass examinations. It is a question how many can get into a university where the space is so severely limited. That is not a good thing for them; it is not a good thing for us and it is not good for the future of Canada.

Another thing which has its impact upon this whole situation is that, as we look at the tremendously increased use of mechanical equipment to do work that was previously

done by hand, we are seeing a rapidly increasing demand for higher training in the technical fields which will qualify young people to handle these delicate and involved machines which do these jobs that were earlier done by hand. This is going to mean that a higher percentage of our young people must have a higher standard of education. This is going to run the graph line of demand on space in our elementary schools, our secondary schools, our technical schools and our universities away up into figures that it is difficult even to suggest at this moment. It is in the light of that situation that we must examine the adequacy of what is now before us.

When Mr. Perry in his article to which I have referred, speaks of the fact that the citizen is coming to realize that this is a subject of great importance to him, I hope that it will be realized how vitally important this subject is to every citizen and particularly to the home owner who is now bearing a crushing burden of taxation in many municipalities across Canada today. There are municipalities at this time which are forced to charge taxes which are almost equal to a rental of a few years ago. This is only the beginning unless arrangements that are made today make it possible for these municipalities to meet their demands.

Now, in saying these things following the speech of the Minister of Finance, I wish to make it quite clear that the present formula has some merits in the acceptance of certain very important principles. As the minister pointed out, the proposal contemplates the continuance of a form of tax rental agreement, arrangements for federal collection of payments under those agreements, a tax equalization plan, a provincial stabilization fund which will protect municipalities against a severe drop in their revenues, and in turn an abatement in the federal taxation fields of personal income, corporation taxes and succession duties. The acceptance by the federal government of the place of the provinces and the right of the provinces in the field of income tax, corporation tax, succession duties and other direct taxes is, in itself, a welcome evidence of a return to the position which was always accepted without question over the years between 1867 and 1941, when the wartime tax agreements were signed. Unquestionably, the formulae put forward have some merit; undoubtedly, there are improvements over the fiscal arrangements made in 1947 and 1952; undoubtedly, many provinces will be compelled to enter into agreements with the federal government no matter what those agreements may be. They have no choice.

It will be recalled that after the first fiscal agreements were proposed many provinces held off for some time. Finally, however, most of them came in reluctantly and with complaints against the inadequacy of the agreements, which were demonstrated to be true as time went on. The complaints that have been made have been demonstrated to be true on each occasion and it is with that thought in mind that we should examine what is now before us.

Whether the provinces are compelled to enter into these agreements or not has nothing to do with whether these present proposals are satisfactory. Are they satisfactory in the minds of the provincial premiers and the representatives of the municipalities at this time? We know they are not. We know that right across Canada the strongest possible terms have been used to describe what may happen if the provincial governments and the municipalities are put in a financial straitjacket which will limit their ability to meet the mounting demands that lie before them. It can only be said that there may be no choice.

The Minister of Finance (Mr. Harris) has told us that there were discussions. He has told us that government in a federation is not a simple process. It is not. It becomes increasingly difficult, however, if the rights of the provincial governments within that federal system are not fully recognized and that the dealings with those governments are not made on a basis of equality in whatever the allocated fields of responsibility are. It is not enough to admit in discussing the subject now before us that Canada is a federal state; it is not enough to repeat the tribal incantation that we believe in the federal system and that we are in fact children of a federation; it is not enough to say that we believe in the dividing of revenues that will balance the abilities of the governments to meet their responsibilities. The subject now before us is whether we really believe in the federal system sufficiently to do our utmost at this time to find real agreement with the provincial governments and with the municipalities which are very real entities indeed as to the allocation of taxes which will make it possible for them to carry out the heavy responsibilities which they cannot ignore and cannot shirk.

The true federal system admits that in their own fields the provincial governments have full authority over the responsibilities imposed upon them by our constitution. There are special reasons why the federal system must be conserved and strengthened in Canada. We have reasons of history; we have reasons which lie at the root of the very existence of one nation known as

Canada here on the North American continent which cannot be ignored in discussing the solution of these problems. It is not only for reasons of history but also for reasons of geography that we must not merely give lip service to the idea of the federal system, but that we must do all within our power to vitalize that system, to give it living strength so that every government, federal, provincial and municipal, may meet the great and expanding responsibilities of the years of peace.

It was argued, and the argument was accepted by the provincial governments, that centralization became necessary during the years of war. Decentralization is equally necessary in years of peace. Decentralization is just as much a part of our federal system, and just as much a part in the needs of peace, as is the necessity of some measure of centralization to meet the compelling demands of war.

Mr. Harris: Hear, hear.

Mr. Drew: We are now at another point of adjustment resulting from the agreement made in 1941. All that we are now discussing goes back to what took place at that time under the terrible demands of war. At a time when that war was in its most critical stage, the provinces agreed without hesitation to vacate their traditional fields of direct taxation with a clear understanding, however, that this was only for the duration of the war, and that once the war was over their historic position would be restored without impairment. We must remind ourselves of that consideration which was in the minds of the provincial governments when they signed the agreements in 1941.

We have listened to the details which have been put before us. We have a table which interprets in figures many of those details in somewhat complex form. But it is not necessary, I submit, to go into those details now. I am sure there will be general approval of some of the principles accepted in what has already been done; I am sure there will be a general approval of the principle of equalization grants, whatever the actual formula may be, or whatever the adequacy of the grants may be. Something of that kind was recommended first in the Rowell-Sirois report. I say it was recommended in the Ontario proposals of 1946 to the conference, which was held that year, under the name of national adjustment grants. I mention that only to indicate that there has been general agreement for some time that the equalization of revenues in this country is necessary to make it possible for the less wealthy provinces of the country to give to the people of their provinces the local services that are the constitutional obligations of those governments, whether they be provincial or municipal governments.

The question before us is not whether the right method has been adopted, whether the formulae are the desirable methods to reach these conclusions; the question before us I submit, Mr. Chairman, is whether or not at this time there is evidence that these agreements will satisfactorily meet the demands which are actually now imposed upon the provincial governments and the municipal councils throughout Canada and particularly whether they will be adequate over the five-year period during which these agreements will operate. I think that is what we must ask ourselves.

We have statements from every part of Canada that the requirements will not be met. We have ahead of us not merely the crisis in education but we have before us various problems of the most urgent nature which are increasing in importance by leaps and bounds.

Mr. Blackmore: Hospitalization, for example.

Mr. Drew: Where in the whole of Canada today is there a single municipality that can say definitely it has been able to meet the demands for modern needs of roads and highways? Where is there a municipality in Canada today which would confidently say that under the proposals now before us they see the solution ahead of meeting the enormously increased demands for improved highways and roads which come from the rapidly increased number of automobiles in this country? Where is there a municipality in Canada today which sees in these proposals an adequate solution of hospitalization problems? We must remember that personal health is primarily the responsibility of the provincial governments, and in assisting the municipalities that come under our constitution it must be remembered that no matter what grants have been made or are contemplated by this government in the field of hospitalization or in health the main burden for anything that is done rests upon the provincial governments and the municipalities and will continue to do so.

We have the unqualified statement from municipality after municipality across Canada as well as from the provincial governments that these proposals will not make it possible for them to meet their needs even at the present level, let alone the rapidly mounting levels of the years immediately before us. Where is there a municipality in Canada today which is not having some problem

with its supply of sewers and water supplies for any rapid housing development that may be taking place? Where is there a municipality in Canada that has been able to keep pace with the demands that we always regarded as normal in days gone by where houses went into new areas that had been opened up? It must be remembered that there will be an increased demand for the supply of water, sewers and electricity and all the other local facilities which are far closer and of more immediate need to the people than most of the things which come from this government and those needs can only be met by revenues which are not even contemplated in the proposals now before us.

The Minister of Finance (Mr. Harris) said that he is not even tempted to say that this is a solution. That is certainly an admission of the reality. The fact that he is not even tempted to say this is a solution is a recognition that in his mind this is only another makeshift. By now it should have been possible for us to find some solution for the situation which arose as a result of the wartime agreements of 1941. Ever since those first agreements came near their termination there has been a demand from all the provinces for a satisfactory solution of the difficulties that were inherent in those agreements once we returned to a period of peace. It was recognized from the very beginning that those agreements were only makeshift and now in the admission of the Minister of Finance that he is not even tempted to suggest that this is a solution we have the bald declaration of the government that in 1957 there is going to be another makeshift for something that should have been solved long ago through the joint consideration of these governments.

We are now asked to go ahead with an arrangement which the government admits is a makeshift. We are asked to say it is expedient to adopt another makeshift at this time. We are asked to say that even after these long years the government has not yet been able to sit down and thrash out this subject to a point where we can hope to have some satisfactory solution that will prepare us for the years of peace. The agreements of 1941 were for war; we want agreements now for the years of peace, agreements which will work, agreements which will make it possible to ease the tax burden of the local taxpayer on his home, his business and his rental in a way that will make us better able to meet the keen competition we now face throughout the world.

We have seen something of what the dangers of inflation really are in the statements that have been made in the United Kingdom just within the past few days. Let us not blind our eyes to the fact that one of the gravest dangers we face in Canada is inflation based upon an excessive burden of taxes at the various stages at which taxes are imposed. Certainly unnecessarily high taxes are inflationary and not deflationary. They do not keep down the inflation and instead they add to the pressures of inflation because if taxes are unnecessarily high, as they are in many municipalities today, they have inevitably increased the needs of every individual for the amount that will be received for the purpose of meeting those taxes and to a point this contributes to the inflationary spiral. There are many other factors, of course, and I am not suggesting for a moment that there are not, and all these must be considered. But certainly in this competitive world the effect of taxation on our competitive position is one which we must not ignore.

What has happened in this case is unhappily typical of what has happened on other occasions. It illustrates the unfitness of this government to govern. The Minister of Finance has told us that there were meetings from time to time starting on April 26 of last year and then finally coming to a meeting on March 9 of this year. That should never have been dignified with the name of "conference". All that amounted to was that this government called the provincial premiers together for one day so that they might be told what this government was prepared to do. That is not a conference in any meaning of the word "conference". It is certainly not the type of conference that accepts in fact or in principle the relation of the federal and provincial governments or the place of the provincial governments under that system. It was said by more than one provincial premier that this was no conference at all. It was said that they could just as well have stayed away and been told by a letter what this government was prepared to do.

Once again it was a case of "take it or leave it". I know the Minister of Finance shrugs his shoulders.

Mr. Harris: No, he shrugs them in denial.

Mr. Drew: He indicates that he does not agree with this. It certainly was "take it or leave it". Of course, he has used the very misleading suggestion that the provinces are quite free to go ahead and tax without any effect upon their position under agreements or otherwise. That is all right, if people are satisfied with double taxation. But what should be attempted now is not a makeshift but an arrangement that will avoid double taxation in Canada. This is not a case of avoiding double taxation in future. There

should have been a real attempt to avoid double taxation which exists today. There would not be double taxation if the arrangements were in fact adequate for the needs of our provincial and municipal governments. There was none of the real spirit of confederation in that meeting; that was made perfectly clear by the statements that were made by the provincial premiers after they left. That criticism came from every part of Canada. Just over a week ago, the four Atlantic provinces made it abundantly clear that these proposals do not meet their expected requirements. Those provinces met and emphasized their need for greater revenues than will be available to them under these proposals if they are to carry out their responsibilities either under the provincial governments or through the municipalities, and particularly if they are to give to the Atlantic provinces the various rights of improvements that were contemplated in confederation itself.

As one who lives in one of the central provinces, may I say that a full recognition of the moral obligation due to the Atlantic provinces—and that includes Newfoundland as well as the three maritime provinces—and a just arrangement with those provinces is long overdue, merely as a recognition of what was said at the time when those provinces came into confederation. I am not going to quote the various statements that were made; it is not necessary. Every hon. member knows the extent to which those premiers went in emphasizing the urgency of their needs. Everyone who has gone through those provinces and has seen the need for improvement in many communities throughout those provinces knows that a recognition of their needs is something that is very urgent within this federal system of ours. Nor is it merely the Atlantic provinces that require recognition. The province of Saskatchewan has not benefited to the extent that many other provinces have. But it not only concerns those provinces whose average income is well below that of the more fortunate provinces from the financial point of view; it is also true that in the provinces with large financial revenues it has been pointed out that these proposals will not meet their demands, and it has been said that, with the pyramiding responsibilities of the municipal governments, we may well reach a disastrous position within the five years that the arrangements now before us would run.

As I said before, whilst there is no need to argue this in detail, one inescapable fact does emerge. These proposals are not satisfactory to the provinces. They are regarded as inadequate by the provinces. If they are regarded as inadequate for their needs now, they will be hopelessly inadequate for their needs five years from now. Not long ago the Minister of Finance used these words:

> We cannot at this time make any further material concessions that would adversely affect our revenues.

The government speaks of concessions. Actually there is no question of concessions involved. Under our own federal system, the only source of revenue available to the provinces is in the field of direct taxation. The most important of those taxes are, of course, the personal income and corporation taxes. Without arguing as to whether or not the provinces have a prior moral claim in those fields, the fact obviously remains that, since the British North America Act gives to the provinces only the field of direct taxation to carry out their tremendous responsibilities, and since those fields alone are available to the municipalities which do most of the things that are directly felt by the people themselves, then we must consider what the situation is in regard to these taxes and the need of the provinces in regard to those fields. Certainly, whether or not they have the prior claim, at least their moral claim is equal in those fields. They must have a right to levy such taxes as they actually require in the only field open to them, without the added burden of double taxation being imposed upon the taxpayers of this country.

There is no question of concession involved, either in meeting the demands of the Atlantic provinces or in meeting the demands of the other provinces. All that these claims are based upon is the legitimate need of the provinces and the municipalities, based upon the burdens which they cannot escape under our constitution.

The claim of the federal government that it is unable to make any better arrangements comes strangely at a time when we hear reports that there is likely to be a surplus well in excess of half a billion dollars during the current year. Where does that surplus come from? It comes from the very taxes which in earlier days were regarded as provincial taxes and concerning which the provinces and the municipalities certainly have as high a moral claim as the federal government itself. Whether or not the sums that are raised by the new proposals are higher is not the point. It is whether they are adequate or not. Whether or not the surplus reaches the figures that have been predicted, certain it is that there is going to be some large surplus at a time that this government claims inability to make any better arrangements with the provinces for their needs.

It is necessary at this time to recall the basis on which the provinces vacated these fields in the early part of the war. There are hon. members in the house who remember very well the basis upon which these arrangements were made. In his budget speech on April 29, 1941, announcing the details of the agreement which had been made, the then minister of finance said, as found at page 2345 of *Hansard*:

> I should like to emphasize that this is not an attempt to get the provinces out of these tax fields permanently.

The agreements which were signed at that time also offer explanations of some of the understandings that existed. In the agreements then signed between those provinces of Canada which did sign agreements with the federal government these words are to be found after a general statement in regard to the agreements. The federal government undertook in the year after the termination of the agreements:

> . . . to reduce its rate of taxes by such an amount as will enable the province again to use the income tax and corporation tax fields and in particular the dominion undertakes to reduce its rate of tax on corporation incomes by at least 10 per cent of such incomes.

That was intended to be done within the first year after the termination of hostilities, a period which would be required for the readjustment. What was intended? Many of us know what was intended because some of us actually were present at the discussions which took place. It was intended that the rights of the provinces and municipalities would be respected and preserved. It was intended that the provinces and municipalities would have their positions in these tax fields restored without diminution. That did not mean as to the dollars and cents that were involved. It meant as to principle as well, and I mean "principle" spelled p-r-i-n-c-i-p-l-e. It meant that the place of the provinces in those fields would be fully recognized. What is more, it said that in particular the federal government would reduce its rate of taxation on corporation incomes by at least 10 per cent. That was not merely a declaration that they would reduce it. It was intended that this would avoid double taxation and would permit the provinces to enter that field to that extent.

Mr. Pickersgill: There was no such statement.

Mr. Drew: The Minister of Citizenship and Immigration interjects that there was no such statement. There certainly were statements to that effect.

Mr. Pickersgill: When the wartime tax agreements were made?

Mr. Drew: I happen to have had the privilege of attending the discussions that preceded these arrangements, and I know perfectly well what the statements were that were made.

Mr. Harris: Would the Leader of the Opposition permit a question? By way of interpretation of what he read in connection with those agreements, how does he come to the conclusion that it meant no double taxation if all the federal government agreed to do was to vacate the field to the extent he has described?

Mr. Drew: It was perfectly clear. Before the war there had been arrangements under which certain of the provinces were imposing taxes, and that was in the mind of those who were arranging the agreements at that time. It was understood that immediately afterwards those provinces that wished to do so would again impose taxes and that the federal government would carry out the arrangements which it carried out before the war with respect to collecting those taxes up to the amount imposed by the provinces and without double taxation. That was the simple and clear understanding at that time.

Mr. Harris: Is that not what the present bill does?

Mr. Drew: This bill does not meet the situation because the minister knows perfectly well that at this time there is already double taxation in some of these fields. He knows that it has been made clear that under these arrangements it is certain that there will be further double taxation. My point is that these fields are fields in which the provinces have just as high a moral right and the governments of the provinces, within the realm of their own constitutional jurisdiction, have just as much right to be recognized in their ability to determine what is needed as has the federal government itself.

Mr. Pickersgill: No one has ever denied that.

Mr. Drew: I am very glad to hear that announcement for the first time. If it is not denied, then there is support for the argument I am making that the present proposals are unsatisfactory. If the statement made by the Minister of Citizenship and Immigration is correct, then I submit it is perfectly clear that when we are told by certain provincial premiers that double taxation will be the result of this situation most certainly there should be a pause and there should be an opportunity to get together and to really analyse what will be done.

I know the arguments that can be made, Mr. Chairman, about corporation taxes. The simple fact remains that what is called the abatement in the corporation tax field is 9 per cent and not even the 10 per cent that was stated in principle as being the very starting point, the minimum that was to come within a year after the war. To the extent that that was only a minimum at a time when the needs were not comparable in any way with the needs of today, the federal government is in default in principle even in relation to what was promised that long ago. Certainly this statement would have been meaningless if it only suggested that the provinces could go ahead and levy taxes and create double taxation because they could have done that at any time. There was never any uncertainty about that. The very fact that they can supports my point that there was a clear understanding that the percentage then indicated was a percentage which was to avoid double taxation.

Mr. Harris: You mean that if a province feels it ought to have anywhere up to 100 per cent of a particular field we would have to vacate it to that extent to avoid double taxation.

Mr. Drew: That statement is just as absurd—

Mr. Harris: It is not absurd, not a bit.

Mr. Drew: —as the suggestion that the federal government has the right to occupy it up to 100 per cent. It is just as absurd as to say that the federal government has the right to say that it will occupy it up to 90 per cent of all taxes collected in that field, and that is what it is saying now.

Mr. Harris: Oh, no.

Mr. Drew: That is exactly what it is saying. This government is saying: Here are fields of taxation only open to the provinces and yet we are taking it on ourselves to say how much of the taxes collected will be collected by the federal government unless there is to be double taxation. It is an utter absurdity to suggest that the provinces of this country would make 100 per cent collection of the amounts now collected in income taxes and corporation taxes. It is an utter absurdity. The very fact that an absurdity of that kind is put forward indicates the weakness and the fallacy of the present position of the federal government when it takes it upon itself to say: Here is how far we say we should go. We say we have a prior moral claim up to 90 per cent of all the taxes collected in the income tax and corporation tax field. That is what they are saying. Who gave them that right in a field of taxation that is the only field open to the provincial governments with all these heavy obligations with regard to hospitalization, highway construction and all the other things that they must do to carry out their obligations to the people?

It should be realized, Mr. Chairman, what happens when these various things are done. Where does all this money come from? Mainly from enterprises which are organized with the assistance of the provincial and municipal governments. Where do the corporation taxes come from? They come from corporations which, the moment they locate, must have light, water, sewerage, educational facilities nearby and roads and highways to them. These things all must be provided by the provinces, in the case of mining, forest and other operations of that kind. These things must be provided by the municipalities in many cases. These are the things that must be provided in order to make it possible for the revenue to be earned by these great corporations. Where do personal incomes come from? The larger incomes come from people who are engaged mainly in activities which also find their support from the provincial and municipal governments. If there is any question of a prior moral claim in relation to these taxes, the prior moral claim rests with the provincial governments and in turn with the municipalities operating under them.

As each ratepayer in the municipalities looks at this tax bill now, let him recognize the fact that with the growth that is taking place or should take place in those less fortunate areas there would come, even under these proposals, rapidly increasing taxes that will in fact assume crushing proportions within the life of this agreement. It is for that reason that it has been said by those who speak on behalf of the provinces that the consequences of this agreement can be disastrous if it is carried forward on this basis.

The Minister of Finance has spoken about the fact that there are pressures to get into fields that are not ordinarily occupied by the federal government. In the light of what has been said by the provincial premiers and of what has been said by the Canadian mayors and reeves association, it is clear that within the life of this agreement there will be further demands made upon this government which should not be made at all if there were a proper adjustment of taxes.

Recognizing the fact that there is a steady swing of population from the rural areas to the urban areas, and recognizing these mounting demands to which I have referred and which are going to produce not merely a crisis in education but also a crisis in highway construction and in the construction of many other services that are needed, I submit

that before a bill of this kind goes forward we should have a real understanding between the provinces and this government, and that we should not be asked to put into rigid form something which, by some of the provinces, is described as a strait-jacket. The position of the municipal taxpayer, of the home owner whom we should encourage, may well be disastrous under these proposals if the predictions of those best able to interpret their needs are in fact borne out by events.

The time is long overdue for a real examination of this question and an allocation of taxes which will take the load off the home owner and the municipal taxpayer. From provincial governments of different political complexions comes the same statement, namely that the present proposals will not make it possible for them either to meet their needs or to assure adequate revenues to the municipalities. The Minister of Finance has made it clear that this is just another stop-gap.

This is a time when we should have a real solution of this problem. The governments of the provinces and the governments of the municipalities as well agreed to centralization for war. Let us now make a declaration of decentralization for peace which will make it possible for the provincial governments and the municipalities to carry out their full role under our federal system, and in the light of our rapidly mounting burdens. A government that fails to seek a solution of this problem and puts this matter into rigid statutory form before there has been approval is a government that is unfit to govern. I urge this government, even at this state, to withhold this resolution and to seek a real conference with the provincial governments at which there would also be representatives of the municipalities which are very real entities at this time, and to seek a solution for the years of peace that will make it possible for Canada to grow in the way it should. None of these great developments take place in a vacuum. All these developments take place in areas where their primary concern must be the assistance given by the municipal or provincial governments. As we look with confidence to the future; as we recognize the unparalleled opportunities of Canada at this time; as we recognize the bright prospects before our own people, let us ask—yes, let us demand—that the government have a real conference, not just a meeting where the premiers will be told what they are going to be allowed to have, and that there be worked out a lasting solution—and not merely a stop-gap—under which our federal system will grow and prosper in all its strength.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Coldwell: Mr. Chairman, in participating in the discussion of this resolution I think if I were to choose, as the clergy do on Sunday, a text for the view that I want to express this afternoon, I would find it in a paragraph of the Saskatchewan brief at page 82 of the transcript. The premier of Saskatchewan said this:

> We cannot look with equanimity on any possible return to all the pitfalls of unrestrained tax competition, double taxation, and overlapping collection machinery . . . this conference must be sure that the federal government does not lose the effective control it can now exercise over the income tax fields so important in combatting depression and maintaining high levels of employment . . . We fear that the plan the federal government seems to favour could seriously weaken the ability of the national government to carry out essential fiscal measures.

That, I think, pretty well summarizes the view that we take of the proposals that I believe are envisaged by this resolution.

Mr. Blackmore: From what document is the hon. member reading?

Mr. Coldwell: From the transcript of evidence of the premier, the Saskatchewan brief to the conference, at page 82.

This morning, the Leader of the Opposition told us about what happened in Germany during the Weimar republic, which was largely destroyed because the federal authority was dependent upon the German states which comprised the Weimar republic. In looking at this matter under discussion, I think we have to bear in mind how, when confederation was achieved, certain rights were given to the provinces in the constitution of our country. Those rights dealt with certain fields of taxation. But we must not overlook that the fathers of confederation in their wisdom, and I believe in their wisdom as time has passed, decided that this parliament should have the right to enter any field of taxation to meet the needs of our country as they might arise in the future.

It seems to me that we have to keep that in our minds because over the years the responsibilities of the federal authority have grown almost year by year. If we could vacate the fields of taxation which we have assumed, and which were also delegated to the provinces by the British North America Act—I immediately say I think no one is considering this completely—then, we should have to consider how we could curtail the expenditures of this federal parliament, and curtail them very drastically indeed. I am not minimizing the difficulties of either the provinces or the municipalities, particularly

in certain fields, such as the field of education, which was emphasized this morning. I believe, in fact, and we in this party believe, that without interfering in any particular with the control of education by the provincial authorities, this parliament of Canada should be making grants and assuming a very large responsibility for the encouragement of education in this country.

It is quite true that, in the competition in which we are now engaged, and likely to be engaged for a number of years, with nations organized along lines different from ours, with nations that are determined if they can to equal and surpass the highest level of activity and progress of the western democratic nations, fundamental to our meeting that competition is that we shall have the finest educational facilities that are available to us. Quite obviously with the present levels of revenues to the provincial governments, they cannot achieve or maintain those educational levels which are essential. The same thing applies, as again we were reminded this morning, to the particular field of highway construction. In recent times the automobile and the truck have together made it inevitable that this country shall provide, somehow or other, first class transportation facilities in the nature of highways. If they are to be uniform, if they are to be of a proper type to serve the entire country from coast to coast, then more and more I believe this federal authority will have to assume a greater responsibility for that facility.

So it seems to me that, in discussing the bill that will be placed before us and which will receive more detailed study of course on second reading and in the committee, we have to keep constantly in mind that today the people of Canada look to the federal authority for more and more assistance in a number of fields, and particularly two or three of them. I have mentioned a couple, but of course there is too the very important field of national health.

Well, now, what it seems to me to be is this. In this resolution and in the bill which will follow, the latest taxation proposals by the federal government mark the end in reality of the policy adopted several years ago of encouraging tax rental agreements as we have understood them. I might say this to the government. In at least two successive general elections the party of the government defended the tax rental agreements, and particularly defended them on the prairies and in the maritimes and alleged that the official opposition, at least given the opportunity, might seek to destroy these agreements.

It seems to me that in these recent days, and under the proposals which we now have, the present government have committed the very crime they warned that others would commit. I think the government has made a retreat from the position which it has taken since the end of the war. It is true that the tax rental agreements are still available as part of the new fiscal proposals. The proposed tax rental agreements are the ones which differ in kind as well as in degree from those at present available. Behind the tax rental agreements signed in 1952 lay this, I think, very important assumption, that all provinces contributed to the national income which however might, for reasons of geography and other factors, be more concentrated in taxable form in some provinces than in others. Accordingly, under these agreements, it was recognized that a fair rental of these taxation fields would have to take into account the revenues that a province might raise if national income were distributed.

Now, the new tax rental agreements at least—perhaps when the bill is before us we shall be able to see this more clearly or perhaps have the question I have in mind more or less refuted—take an entirely different view of the nature of Canada's national income. Income is now regarded as being earned entirely within the province —and that was an argument made before lunch today—and the tax rental is thus restricted to the amount that certain standard taxes might yield if imposed by the provinces. There is, I think, a long-run danger to be found in these new proposals. The equalization payments, by their very nature not available to the wealthiest provinces, like Ontario, will look to the people of that province like a subsidy which others get and which they are going to pay for.

This is the wrong attitude of course, but it is there and will be powerfully reinforced I think as time goes on and may invite powerful opposition to taxation policies that recognize the fiscal need of the various separate provinces. Under the 1952 and earlier tax rental agreements the payments named to be made as equalization payments were included in the tax rentals. Under the arrangement it was much more difficult to sustain a charge of subsidy to the poorer provinces. Therefore, in adopting their new policy the federal government risks calling forth a greater degree of recrimination and misunderstanding among the provinces than has been the case since the relief payments of the 1930's. I think one of the values of the former tax rental agreements was that they minimized the amount of recrimination

and misunderstanding that might otherwise have been in evidence. Consequently, this bears the mark of the beginning of the end of the fiscal foundation under the 1945 green book proposals which, as I recollect, at the time were welcomed on all sides of the house, and which followed a report which was universally regarded in this country as an outstanding report after very long inquiry, and a report which might guide Canada in her taxation and other policies over the next 10, 20, 30 or more years.

This statement is to be found in the proposals of the government of Canada of 1945 in the green book proposals at page 52:

To do these things fully—

I shall say more about those 1945 green book proposals in a moment. I continue:

—and without destroying the federal system, the dominion government considers that it should have full and exclusive freedom to tax personal and corporate income and estates so that the restrictive effects of double and competitive taxation may be avoided and so that income earned and wealth accumulated nationally can be fully and efficiently taxed for national purposes and the mutual advantage of all provinces.

That was indeed a very important statement of federal government policy at the time. It seems to me that these high principles have now been abandoned and the ability of the federal government to use fiscal policies for the general welfare and in avoiding recessions and depressions has, under the proposals now before us, been very tragically weakened, to put it mildly. It must not be forgotten either that the proposal of the government of Canada to the dominion-provincial conference on reconstruction in 1945 included more than the fiscal arrangements encompassed in the tax rental agreements. The terms on which the federal government asked the provinces to lease to it certain tax fields included not only rental payments but undertakings by the federal government to do things that would ease the financial burdens on the provincial governments. And, as we have heard it said already today, the financial burdens on the provincial governments and on the municipalities over the last 10 or 15 years have become pretty well unbearable. Consequently, what was said in 1945 must be remembered when we are discussing the new proposals at the present time.

What were those former proposals, other than fiscal proposals? They were these: one, assuming complete responsibilities for old age pensions from age 70, without a means test, and by contributing half of the cost of old age assistance for persons aged 65 to 69. It may be said that the government has done that. As I shall show in a few moments, while ostensibly the government did do that, the inflationary period through which we have gone has compelled the various provinces to make supplementary payments to the old age pensioners to improve their lot, or to provide them with free medical and other care.

Mr. Knight: Both.

Mr. Coldwell: Or both together as in Saskatchewan, as the hon. member for Saskatoon says, which, in effect, is placing upon the provinces a further burden in connection with old age pensions that was not contemplated in 1945.

Mr. Pickersgill: I am sure the hon. member wants to be fair. Will he permit a question? Is it not true that the rate of old age pensions now in effect is 33 per cent higher than that contemplated in the green book?

Mr. Coldwell: Yes, I quite agree. I can accept that, but let me say to my hon. friend that the cost of living has gone far beyond 33⅓ per cent over what it was in 1945.

Mr. Knowles: One hundred per cent higher.

Mr. Coldwell: Very much higher in actual fact; I am not going to argue about the percentage because it is a rather dangerous thing to do. Two: by assuming responsibility for assistance to the employable unemployed. That promise has not been fulfilled yet. Three: by introducing a system of health insurance giving complete coverage for all. That was an undertaking in connection with the 1945 green book proposals, and we have not seen it inplemented to any great extent, although, of course, the government might argue that the hospitalization plans and so on, as Mr. King said when they were introduced, were steps toward a national health plan. Four: a public investment policy to compensate for fluctuations in private investment and employment. Of course, we have not that.

Now, it will be remembered that when in the past this parliament has been urged to proceed with these undertakings we have always been told, yes, these undertakings were made but they have to wait, they have to be preceded by certain dominion-provincial taxation and other agreements.

Since 1945 federal expenditures have increased by 5·5 per cent. Of course I say immediately, to be fair, that the high expenditures of the wartime were in the 1945 period, but our expenditures for defence now have brought us up to within a measurable distance of what they were in 1945. Provincial expenditures have increased by 291·9 per cent and municipal expenditures by 276 per cent. This failure of the federal government to

implement fully its 1945 proposals has resulted in the heavy pressure from some of the provinces for a revision of federal-provincial tax arrangement that is now taking place and which we are going to discuss under the bill when it is before us.

Let us take the 1945 proposals one by one. I have already referred to old age pensions, but I shall refer to them again. The assumption of complete responsibility for old age pensions from age 70 without a means test. In 1951 old age security payments of $40 a month—the government, of course, as the Minister of Citizenship and Immigration has interjected, offered $30 in 1945—financed completely by the federal government were made available to all. But since that time the government has allowed the cost of living so to increase, in spite of the representations of some of us on this side of the house, that the real value of the old age security payments has been substantially reduced in terms of buying or purchasing power. This has brought severe hardship to many of the old age pensioners of this country and many provincial governments have felt it necessary to provide additional assistance in the form of supplementary payments, to which I have already referred, free medical hospital benefits and other forms of aid, as well as, in some provinces, a supplementary actual cash payment. Thus, the government in its general economic policy, by permitting the spiral of inflation in the post-war years, has reduced the burden of its commitments to old age pensioners by over one-third and has since put the responsibility for carrying that additional burden upon the provinces—at least, some provinces have assumed a part of that additional burden.

Let there be no mistake about it. The words were clear and explicit, and I shall read from page 51 of the green book proposals of the government in 1945:

> The dominion's assumption of complete responsibility for old age pensions—

I underline the word "complete".

> —from age 70 would relieve the provincial governments of an expenditure which has been growing and which will continue to increase rapidly in the future as the proportion of old people in the population rises.

The government's failure to live up to its full responsibility in this matter has meant that again the provincial governments are being called upon to bear a larger part of what the report calls "an expenditure which has been growing and which will continue to increase rapidly in the future." In fact, as I have said, some of the provinces are paying to old age pensioners over the age of 70 more than 25 per cent of the total amount of pensions than they had been required to pay before the Old Age Security Act came into effect. We say that the federal government must fulfil its responsibilities in the matter of old age pensions and provide for their payment at a level sufficient to maintain an adequate standard of living for the senior citizens of this country in order that the provinces can be relieved of this financial expenditure as they can legitimately expect to be in view of the government's statements in 1945. Secondly, the federal government proposed to accept responsibility for assistance to the unemployed employables. The federal government pointed out in 1945—and again I am quoting from the green book—that:

> The dominion's assumption of responsibility for unemployment assistance would relieve provincial and municipal governments of a potential burden which in the past has constituted the most important single threat to real provincial autonomy. It has been a burden which grew in weight as provincial ability to carry it declined. In the past it has necessitated harsh reductions in essential services, harsh tax increases, and in the majority of cases also dependence on special grants or loans from the dominion.

In addition, the government pledged that:

> . . . as rapidly as possible the Unemployment Insurance Act will be widened to embrace all employed persons.

Then, too, there has been a failure on the part of the federal government to introduce a comprehensive system of health insurance and this has forced some of the provinces at least to increasingly heavy expenditures in that field. I see that the hon. member for Rosthern is in his seat. He will recall very well that in 1945, I think it was, a bill was actually drafted although never formally introduced in this house but reported I believe in the report of the committee of which he was the chairman for the establishment of a national health insurance plan.

Mr. Knowles: 1944.

Mr. Coldwell: Yes; I have been corrected. 1944. There is the failure, too, of the federal government to participate to the extent necessary in the heavy capital expenditures that have been required for various public development projects. We have had several debates this session dealing with that matter and therefore I do not propose to elaborate on it. And now, in addition to the needs which the 1945 green book proposals were designed to meet, there is the almost overwhelming problem of the costs of education and the need for federal financial assistance to meet those costs.

I also think that a policy of de-emphasizing the tax rental agreement brings in its train the hazards of the inequity and complexities of double taxation. I think that danger

exists. The federal government has very quickly forgotten the lesson of the twenties and thirties. The Rowell-Sirois commission dealt with this matter. I am not going to read the three long paragraphs that I copied out with a view to putting them on the record because my time is running on, but I am going to refer the minister to the Rowell-Sirois report, page 111, where he will find the recommendations dealing with this problem of double taxation.

In respect to corporation taxes, a major criticism by the Rowell-Sirois commission was the—

> . . . inevitable inequity, lack of uniformity, and lack of efficiency arising from the divided jurisdiction—

—in the realm of corporation taxation. In commenting on succession duties, the commission had this to say; and I am going to read this paragraph because it is shorter than the others. It said:

> This legal situation has led to great unfairness and inequality in the amount of tax exacted from estates of the same size and bequeathed to beneficiaries bearing the same degree of relationship to the decedent. One estate having assets only in the province in which the decedent was domiciled and passing to beneficiaries within that province will be taxed only once; another estate of the same value having assets in several provinces will be taxed by each province on the assets locally situate within it, and will be taxed on a second time on the transmission of the property to the beneficiaries in the province in which they reside. It is plainly inequitable that two similar estates within the same province should be taxed substantially different amounts because assets of the same value are held in different forms.

May I point out that the wealth of Canada, which is the basis of all our taxation, is produced nationally. I want to repeat that. The wealth of Canada is in the final analysis produced nationally but the distribution of it person by person, industry by industry, region by region is often inequitable. As a matter of fact, there is a state of chronic inequity and this is shown particularly clearly in the regional distribution of income in this country. I will put on the record a short table. It is table No. 3 from the federal-provincial conference proceedings of October 3, 1955.

Per Capita Personal Income By Province
1954

Province	$
Newfoundland	638
Prince Edward Island	648
Nova Scotia	917
New Brunswick	795
Quebec	1,052
Ontario	1,470
Manitoba	1,085
Saskatchewan	867
Alberta	1,152
British Columbia	1,435

The average for all of Canada is $1,193.

Now, it is clear that the provinces with the lower personal incomes would have a greater difficulty in providing the same standard of services that other provinces enjoy. Either one or both of two things will happen. Either in order to provide the same standards the tax burden will become much heavier in the provinces with the lower income or the standard of public services will be lowered. I think that both might, and indeed would, happen. In any event there would be inequality for Canadian citizens resident in various parts of Canada.

I have another table dealing with the burden of provincial and municipal taxation province by province in 1953 but I am not going to deal with it; I may deal with it in the subsequent debate. But I do want to say that the problem we are facing in relation to this matter is, first of all, how best we can allocate to the various provinces sufficient funds in order that they may maintain a proper level all across Canada of services to people resident in those provinces. I do not think that can be done if we say that this parliament should vacate in any degree the taxation fields that are necessary to give to this parliament the revenues which we can reallocate across the country to bring about a reasonable level of equity from one end of Canada to the other. What I have been afraid of, as I have observed various discussions over the past few years in connection with this problem, is that more and more the government has retreated from the position it took several years ago. I am not going into the reasons for that this afternoon because they have been discussed in this house on several occasions but I have been interested in political developments in Canada long enough to know that we have had various proposals made from time to time regarding taxation in the various parts of Canada.

I remember, of course, how before the war we were told from time to time that, after all, the provinces could not be expected to assume these large responsibilties because in reality they were considered by the fathers of confederation to be little more than glorified municipal councils. I have never taken that centralist view. On the other hand, we have also heard it said that we were overgoverned, that the time had come when we should try to consolidate, for example, the three prairie provinces into one regional area with one government for the three provinces, or the three maritime provinces before Newfoundland came in, in the same degree. I do not believe that is feasible. It might have been feasible at the time of confederation, though I very much doubt that from the debate that took place at the time. It might have been

feasible in western Canada perhaps prior to the autonomy act; I do not know. But I do know that such a proposition is not feasible at the present time.

Yet we are witnessing in our country a development of our economy where a few provinces may become richer and richer and, on the other hand, other provinces may become relatively at least poorer and poorer. This federal authority will be the authority that somehow or other will have to accumulate the necessary funds to redistribute across Canada so that the people, for example, in the maritime provinces may enjoy the same social services and the same standards of service as are enjoyed say, in the province of British Columbia, the province of Ontario or elsewhere in this country.

It is true that our natural resources are under the control of the provinces and, because some provinces are more richly endowed than others, their revenues will tend to increase out of all proportion to the revenues in the provinces where the natural resources are not varied and are not great. Accordingly any federal-provincial arrangement that depends in whole or in part on a re-allocation of taxing fields solely to the provinces will inevitably lead to the most pernicious of inequities as far as some of the provinces are concerned. That is the point I want to make.

The tax rental agreements, like the proposed equalization payments, have endeavoured to equalize the revenues realized in the corporation income tax, personal income tax and succession duty fields, and to that extent they are worthy of support. That is all to the good. However, not only are the revenues from those fields in need of equalizing. Tax yields generally in provinces like the maritimes are less satisfactory, and, in order to make the tax burden throughout Canada more equitable and in order to broaden the opportunities to Canadians wherever they may live, a distribution to the provinces of national income on the basis of fiscal need is essential. If that distribution to the provinces of national income on the basis of fiscal need is essential, then I think it follows that the federal authority must have the means of raising the required money to redistribute to the provinces of Canada.

We in this group are critical of the retreat of the government from the 1945 green book proposals and we regret very much that over the years they have receded from the position that seems to be inherent in the attitude of governments of the past and to have given colour to the more recent idea that this country is merely a collection of sovereign states when as a matter of fact it is the creation of the parliament of the United Kingdom under the British North America Act. The allocation of certain powers was made under that act, not by agreement among the provinces, as is sometimes falsely alleged, not by agreement among sovereign states, but by an act of parliament based on certain resolutions that were passed by a conference which had no standing in a legal sense, for the resolutions were never approved by the legislatures of some of the provinces which came into confederation in 1867 or afterwards.

Consequently, we have to beware lest we are led into what I believe to be a wrong attitude in relation to these problems of assuming that what this parliament is actually dealing with are sovereign states which have certain prior fiscal claims and that we must always accept the allegation that they are indeed prior claims. We do not accept that view. We accept the view that Canada is a nation and that, as a nation, it has national responsibilities. If it has national responsibilities, it assumes national obligations, and in order to fulfil those responsibilities or those obligations assumed it must have the power and the necessary financial authority to carry out a national program. That national program surely involves that every Canadian citizen, whether he lives in one part of Canada or another, should have a certain equality and right in the social services and the same standards of social and other security to which every citizen of this country should be entitled.

Mr. Low: Mr. Chairman, with a good deal of what has been said by the speakers in this debate I am sure that we in this corner can find ourselves substantially in agreement. With a good deal of what has been said by the leader of the C.C.F. group, I am afraid we would have to take issue. In the course of what I shall say this afternoon in connection with the resolution now before us, I shall point out one or two of those more important things upon which we have to differ from my hon. friend, the leader of the C.C.F.

I turn now to the resolution. The language of the resolution that we are discussing today is like a velvet glove on a mailed fist. The language is bland and considerate and it makes it appear that the federal government is generous and thoughtful in its dealings with the provinces. But underneath a number of very dulcet phrases such as "the minister may pay to a province out of the consolidated revenue fund", "tax equalization payment", "provincial revenue stabilization payment" and "tax rental agreement as an alternative to levying such taxes on its own behalf"—as I say, under these,

which I am sure are dulcet phrases to the provinces—there is to be found by careful study evidence of a surprisingly hard and uncompromising attitude on the part of the government of Canada.

I thoroughly agree with what has already been said in this debate to the effect that certain principles enunciated in the resolution are good and must carry a good deal of comfort to those provinces which have not had a reasonable deal ever since the days of confederation and where, as my hon. friend from Rosetown-Biggar has pointed out, there is the need for equalization payments. Recognition of that need is set out in the resolution, and we agree that recognition of the principle of equalization grants is something that has been long overdue and is something with which we must agree. So there are some things in the resolution that we regard as good; and we are pleased to see the government's acceptance of the principles contained in those phrases about which I have spoken briefly.

If we were to judge solely by the resolution that is before us and by what the Minister of Finance said in his speech this morning we would doubtless have to agree that this government was trying to be fair and just in its dealings with the provinces. There is nothing in the wording of the resolution itself to which anybody could take strong exception. If all were as smooth and well in the field of dominion-provincial relations as the resolution seems to make it appear then we could pass the resolution quickly, take care of the bill very quickly and get off home for at least a token summer holiday.

Unfortunately the resolution itself is misleading, and when we get into a careful study of the government's proposals to the provinces, proposals which will be embodied in detail in the bill to follow the resolution, we find that all is not well. There is widespread dissatisfaction amongst the provinces of this country. When we consider the details of the government's proposition in the light of all the circumstances and conditions we find them most unrealistic, and practically every province looks upon them in the same way.

That would be serious enough but there is much more to make the provinces very unhappy about the whole situation. The provinces think that the federal government is trying to ram a new formula for taxation and revenue division down their throats without taking the time and making the effort to work out in conference with them a formula which will be acceptable and much more realistic in its concept. I have talked to quite a number of people from the provinces, and without a single exception that is the attitude which they have all had.

Many of the provinces believed that when the federal government called them together something over a year ago, I believe a year ago last April, to consider extension of the tax rental agreements or some suitable alternative, as well as other important matters, the conferences would continue in intermittent session until a satisfactory settlement of the most important of the financial and taxation problems outstanding between the provinces and the federal government had been worked out and agreed to. I think they are entitled to this belief. There was nothing to indicate, when they were first called together over a year ago, that they would be called together, that they would draw up an agenda for a later conference, that the conference would take place and that at that conference a proposition would be put before them and then they would be dismissed to consider whether or not they would accept it. I think, as I said, that they were entitled to believe that they would be called together and perhaps would meet intermittently until an agreement had been reached amongst them.

However, as I say, they have been sorely disappointed. Instead of continuing in conference the federal government peremptorily put a proposition before the provinces and as much as said to them, "take it or leave it". I agree with the Leader of the Opposition when he said this morning that the way the provinces look upon this thing is that it is a take it or leave it proposition. They have had no alternative. This government has declared time and again, especially at election time, that they are promoters of unity and architects of smoothly working, successful federal union. But, Mr. Chairman, their attitude as expressed in the proposals they made to the dominion-provincial conference of October last, and in what they are obviously trying to do by asking us now to pass this measure at this time, cannot be considered as promoting unity or building a nation of happy, co-operative provinces.

The provincial governments almost 100 per cent consider that this measure is a breach of faith, and so some of them have told me. I believe I am correct in saying that they consider the "take it or leave it" attitude of the government is not the basis for a smoothly working confederation. As a matter of fact, persisting in the attitude adopted by the government today will not only wreck confederation but will make for serious disunity and, what is most serious, will result in a most objectionable measure of centralization of power and authority far removed from the

individual citizen in this country, a centralization that is completely foreign to what the fathers of confederation had in mind. To pursue this whole matter of settlement of tax fields and revenue sources as it is now being pursued by this government can, in the minds of the provinces and their governments, result in tearing up the British North America Act.

I said that the government's proposition is unrealistic and niggardly. I am going to suggest four reasons why. Time of course will not permit me to do more in the 30 minutes I have at my disposal this afternoon, but perhaps later I will have something more to say and my colleagues will also present other reasons why they think that the whole proposition the government is making to the provinces today is unrealistic.

My first reason is this. The government's proposal fails to give anything like the weight that should be given to the burdens that are now on the provinces. It almost totally disregards the terrific strain which the demands of the next 20 years are going to place on provincial budgets, and it brushes off altogether too lightly the fact that every provincial government in Canada needs more money.

Much has been said already today about the burdens that fall upon the provincial governments. The Leader of the Opposition spoke about the crisis that looms in education. I agree with him. The crisis is now on us and it is going to intensify in the years immediately ahead. We all agree that education is a provincial responsibility. Educational costs, however, have skyrocketed during the past ten years. There has been a terrific increase in building costs, in salaries, in the cost of supplies, and the end is not yet.

Here is a specific example of the sort of thing that nearly every province is forced to deal with, and it gives substance to what the Leader of the Opposition said this morning and what I am saying now, that there is a crisis in education ahead of us. Let us take Ontario. My children are going to school in Ontario and I try to keep in touch with things as they are in this province. I am interested in education and I have tried to keep myself informed about Ontario education. I see municipalities like Ottawa telling the people in certain sections of the city that the city has to look upon them in future as second-class citizens, that they cannot allow them to have a school with a basement, a wood-working shop or an assembly hall because costs have increased to the point where they cannot tax the people any more to get such things. It is all right for the other parts of the city to have them but they cannot have them for the reasons I have suggested.

[Mr. Low.]

Today in Ontario the public, secondary and technical school enrolment is approximately one million boys and girls. It has taken 89 years to build up to that school population. The growth over these 89 years has been quite largely gradual and steady. But official forecasts indicate that in the next ten years there will be an increase of no less than three-quarters of a million students in the public, secondary and technical schools of this province, almost the same growth in ten years as has occurred over the last 89 years. A 75 per cent increase in ten years will put a terrible strain on an already heavily burdened provincial government and the even more harassed municipalities and school districts.

What about university education? As I understand it, there are seven universities in the province of Ontario. Ontario's seven universities now have approximately 20,000 students. By 1965 it is expected that they will have 40,000, if they can be provided for. That is what the Leader of the Opposition said this morning—if they can be provided for. But what if they cannot be provided for? Are they to be denied the advantage of a university education? Are they to be denied equality of opportunity with those who have gone before? They will be, unless we solve this problem, unless we divert it, unless we meet it in some way. I am told by competent authorities that by 1975 they expect to have fully 90,000 students in those universities in this province. That is a spectacular growth in 20 years if they can be provided for.

Are the provinces to be left to pay the huge costs of meeting this situation? It is not just a question of more students; it is a question of more accommodation, more teachers, more instructors, more administrative staff. Are they to be left alone to carry on? Let us not forget that Canada has been running behind in the output of the specialist class of students which was mentioned this morning by the Leader of the Opposition, specialists in engineering, mathematics and all that sort of thing. Yet we are told that Russia and the communist countries are going ahead rapidly. Are we going to turn over this big job of providing a national bank of ability and technical skills for the development of this country and to meet the demands of the future in war and in peace to the slender resources of the provinces and the municipalities which are already over-burdened.

I could speak about British Columbia and the situation there as I talked about Ontario. In British Columbia the enrolment in the secondary and technical schools in 1954-55 was 220,000; competent authorities indicate that in 1964-65 it will be 340,000, an increase of 50 per cent in ten years; in 1974-75

it is estimated it will be 420,000. In the one university in that province which is a provincial institution it is expected that the requests for enrolment will increase from 6,300 as they were in 1955 to 26,000 in 1975. How are they to meet that situation unless they are guaranteed some sort of assurance that their revenues will be adequate to meet their responsibilities?

I could talk about a good many other things such as polluted waters and the necessity of cleaning up that situation. It is going to cost this province $120 million per year over the next 15 or 20 years and there will be no hope for any return except the satisfaction that comes from having waters which are clean. How are they to do it? I could go into a lot of these things but I must hurry on.

My second reason for saying that the present proposition is unrealistic is that it does not take into account the great upsurge in national revenues which will result very largely from the work and efforts and planning of the provincial and municipal governments. My hon. friend, the leader of the CCF, if I remember correctly has said that the wealth of Canada is produced nationally. That is pure silliness. The wealth of Canada is produced by individuals, largely as a consequence of work done by the municipalities and the provinces. While it is true that there must be some fiscal need arrangement to help the provinces with the least to get along and have something like equality, I still cannot agree that the wealth of Canada is produced nationally. The money is produced nationally, no question about that, and often times in such meagre quantities that we cannot distribute what we produce.

When one considers the very considerable growth in the gross national product and the change in the industrial activity since 1937-38 he cannot help but be greatly impressed. I think I am correct in saying that back in 1937 the gross national product of Canada was only $3·5 billion; in 1955 it reached the very marvellous figure of $26,600 million, and it is expected to reach $28 billion this year. Does the Minister of Finance think it is going to stop there? Everybody knows that it will not with the development that will take place and we know can and will take place. I am sure that he realizes that revenues will pour in to this government very largely as a consequence of the work done in the provinces and the municipalities, carried on by individuals and individual enterprise. The provinces and the municipalities ought to feel that they are getting a fair share out of those revenues in order to help pay their costs.

These things are not reflected in the proposition made by the government to the provinces. I think we should all bear in mind that it is not next year or the next five years that we should be planning for; we have to look ahead at least 20 or 30 years and plan for them. We are on the verge of a spectacular development and the provinces must have pretty definite knowledge of what they can count on by way of revenues if they are to achieve anything like what they so much desire to do and what is expected of them. The government's proposal to the provinces is most inadequate.

The third reason why I say that the present proposition put before the provinces by the government is unrealistic is that it gives no consideration whatsoever to the almost maddening frustration presently felt by the municipalities of Canada because they are faced with rapidly rising costs, increasing demands for service, but have no more money to meet them unless they carry their present property taxation to the point of confiscation, at which point I claim it is at the present time. They in turn have to look to the provinces for relief and help.

Let us not overlook the fact that in the development of this country the dominion government must always keep in mind that its strong right arm is the provinces and municipalities. Are they going to cut off that strong right arm? I could deal at some length with that but I am going to leave it for the moment.

The fourth reason I say that this proposition is unrealistic is that the governments of the provinces rightly believe that they are as much entitled to the fields of taxation as is the dominion. I do not need to enlarge upon that. Let me just say that what we have before us is a niggardly settlement of tax fields that belong as much to the provinces as to the dominion. I say it is unrealistic to take any other point of view.

During the second world war the municipalities and the provinces were strictly secondary. They had to be so. We all realized that if Canada was to make an all-out effort that must be so. The provinces willingly vacated the three tax fields on the understanding that they would be returned to them one year after the war ended. I happen to have been a signatory of the first one in 1941 and I know that the federal government told us that they would be returned at the end of the war or one year later. That was not done. This government feared that when the war was over a depression might come with peace and therefore they continued the wartime arrangements.

Then war threatened again when North Korea invaded South Korea. Again it seemed necessary for security reasons for the provinces and municipalities to continue in a secondary position. Six more years have passed, years of cold war and the threat of a shooting war. It has now been sixteen years since the first tax transfer agreements were asked for by the government of Canada and during those years the senior government has come to look upon the provinces and municipalities as permanently poor relations of a second degree character.

It is easy to fall into the habit of thinking that centralization of power and authority for security purposes ought to be continued indefinitely and made a permanent arrangement. We believe that the time has come for a change of attitude on the part of the government. We face in this country an era of marvellous development. This development cannot possibly take place in the interests of all the Canadian people unless this government sets out on a deliberate and definite policy of close partnership with the provinces. You can never encourage close partnership by slapping 10 provincial premiers in the face or offending provincial governments; that is what you are doing when you put up to them a proposition like this one and then as good as say, "Take it or leave it".

Here you are bringing in legislation to give effect to a unilateral formula—that is what it is—for tax and revenue sharing; and if the bill to follow this resolution is couched in anything like the rigid terms of Bill No. 418, then it will become a stone wall behind which this government can and doubtless will take refuge when the provinces try to obtain a fair division of the revenues which will surely be available to this government in the years ahead.

With this bill made law, I can easily imagine what kind of reception the provinces will get if they come back in an effort to negotiate a better deal. They will be told doubtless in words something like these: "Parliament enacted this law and we are powerless to change it unless and until parliament shows a disposition to amend it. Sorry; we can't depart from the formula. Better go home and try to get along on what you've got." That is the way they will be dismissed. Let me point out that this could very well become a kind of closure imposed upon the provinces themselves.

I think the minister should not proceed with this resolution at this time. He should try to allay the fears of the provinces by announcing another conference some time this fall. If it could be called for October, and if this government would attend that conference with a realistic attitude and with the true spirit of understanding partnership I am confident that an agreement could be reached with all or nearly all the provinces. There would then be time to prepare the legislation and get it ready to be made law early in the next session, as early as January. If that were done the provinces would not feel as if they had suffered, and when I say "suffered" I mean not merely a slap in the face but also a bad beating from this government this year.

I warn the Minister of Finance that the provinces are not at all happy about the miserable, penurious deal under which you have handed over to them and their harassed municipalities half your unemployment responsibilities, as was done just recently. There is not one satisfied province in Canada today. I challenge the minister to name one when he replies. But if the measure envisaged by this resolution is made law, then I warn him that the dissatisfaction will turn into hostility, and I am sure that feeling is not conducive to progress and sound development in Canada as we want to see it.

I remind the minister of something else in closing. I remind him of what has happened during the past 17 years. Those are the years during which the federal Liberal government has been centralizing financial and taxation authority in Ottawa. It is true that was to meet a particular situation, and we are not complaining about that. However, 17 years ago every provincial government in Canada except one was a Liberal government. One by one those Liberal provincial governments have fallen until today only three of the smaller provinces of Canada have Liberal governments, and even they are very dissatisfied and for good reason. I noticed just a few days ago where they met in Fredericton and worked out a permanent organization to seek a better deal. They are not satisfied.

Has it occurred to my hon. friends and the Minister of Finance, for whom I repeat I have very high regard, that the people of the provinces, who are closer to their governments, have turned down the Liberals by at least 12 to one on the basis of population, largely because they felt they had to turn to opponents of the Liberals for their own protection? I should think you boys over there would take a fairly careful look at the whole situation, and when you do you will perhaps give the Minister of Finance and the Prime Minister some fatherly advice, prominent in which ought to be instructions to withhold this legislation until a much more sympathetic effort has been made to find a more acceptable formula. It can be done.

You should bear in mind that a good many people, Mr. Chairman, are quite aware of the fact that since 1946 this government has piled up accumulated budgetary surpluses of more than $2 billion. This is the period during which municipalities all over Canada, and many of the provinces, have been forced to raise property taxes until they amount to sheer confiscation; and still in spite of that they have sunk into a slough of debt and interest which threatens to crush them. The people in the provinces and municipalities, I will tell you, are watching the federal finances at this time.

Moreover, they see that this year, when the federal government is trying to justify a niggardly settlement of tax fields which belong as much to the provinces as to the dominion, this government will likely pile up a huge surplus of three-quarters of a billion dollars. And when they see a good part of that surplus used in the 1957 budget as election bait, as it surely will be, they will be quite satisfied in accusing this government of callous indifference to the actual needs of the municipalities and the provinces, or lack of vision and responsibility, or both. In the light of all the facts, how can the government refuse to try to seek a less penurious, less objectionable settlement of the taxation field? The minister ought to do it.

I am going to leave it at that, Mr. Chairman, but I do feel very keenly that every effort ought to be made to work out a much more justifiable settlement than this represents, to see if we cannot get a happy, smooth working democracy in this country.

Mr. Harris: I was looking at the 1952 debate on the renewal of the tax rental agreements during that year, Mr. Chairman, and I noticed that only seven members took part at the committee stage. I am informed that I am not going to be as fortunate this time, therefore I think perhaps I should answer some of the remarks that have been made and some of the questions that have been raised up to this time. Perhaps it will be necessary to intervene on another occasion.

There seems to be an advantage to the Minister of Finance on this particular matter in that he is being criticized for completely different reasons, in fact conflicting reasons. Therefore I begin by saying that possibly under those circumstances I might be comforted in thinking I have arrived at perhaps the best solution.

We have the Leader of the Opposition, not perhaps directly but indirectly, repeating the argument he made in opposition to the tax rental agreements of the past. We have the leader of the C.C.F. party upholding the tax rental system of the past and criticizing any departure from it. We have the leader of the Social Credit party taking a position which I think may be described as somewhere between the two, except that he is opposed to the change now not on the grounds of principle but simply on the grounds of the money involved in the particular solution at which we have tried to arrive.

May I for the record repeat what I said in my budget speech in connection with this, and I point out that I made this statement this morning in a different form. On March 20, at page 2335 of *Hansard*, I said this:

> But may I make it quite clear that not one provincial premier is on record as saying that this new tax-sharing plan is not as good as the present tax rental agreements; and I am prepared to go further and say that almost all of them have stated that the principle of the new plan is better than the present system.

From that day to this no one has questioned the validity of what I said. So I am prepared to say to the committee that while there may be, and there certainly is, a difference of opinion as to how much may be paid to a province, I take it that even in this debate except for the questions of the leader of the C.C.F. party there has not been anyone who has suggested that the system we have proposed to the provinces and which is now before the committee, is not better than the previous system.

Mr. Diefenbaker: Which premier said perhaps it was better?

Mr. Harris: I made the statement that no premier had said it was not as good, and I am prepared to say that most of them have said it was better. I say that because in all the meetings and in all the correspondence no premier has suggested that we should continue with the tax rental agreements as they are now in existence, even with increased payments, and they have all agreed at one time or another that this system is a better system for the purpose of distribution, if you like, of certain tax receipts among the provincial governments. Now, that is not to say that they have agreed on any detail whatever of the plan. I merely confine myself for the moment to the principle.

But may I go back and cover some of the points made by the Leader of the Opposition. I have been astonished at the repetition of what I consider a fallacy in his argument even today with respect to what happened under the wartime tax rental agreements. He has made the point, or has tried to make it, that when the federal government entered the field of taxation for wartime purposes by agreement we in some manner avoided carrying out the engagements that were made at the time so there has been a disadvantage to the provincial governments.

I want to read what was contained in the wartime tax agreements with respect to this point. I am quoting:

The federal government undertakes—

—to reduce its rates of taxes by such an amount as will enable the province again to use the income tax and corporation tax fields, and in particular the dominion undertakes to reduce its rate of tax on corporation incomes by at least 10 per cent of such incomes.

That was the extent of the undertaking given at that time. May I point out what we have done. As from January 1, 1947, at the conclusion of those agreements, the federal tax rates were substantially reduced and the conditions met. Corporation income taxes were reduced by 10 percentage points and personal income taxes by well in excess of 20 per cent. These reductions were in excess of the levels of taxation prevailing in any province prior to the wartime tax agreements. Well, we went farther, sir. When we entered into the 1947 tax rental agreements we also agreed to certain conditions which we would meet at the termination of those agreements. We agreed to allow a deduction of provincial personal income tax up to 5 per cent of the federal tax, a deduction for provincial succession duties up to 50 per cent of the federal duties, and a deduction for corporation income tax up to one-seventh of the federal tax.

Our performance with respect to that undertaking is this. At the conclusion of the agreements these conditions were met exactly in the case of the personal income tax and succession duties, while in the case of corporation income tax a credit of 5 per cent was allowed, which was in excess of the one-seventh of the prevailing federal rate.

We have similar conditions in the 1952 tax rental agreements. We agreed at the termination of those agreements to allow a 5 per cent credit for personal income, a 50 per cent credit for succession duties and a 7 percentage points credit for corporation income tax. These conditions will be more than met with a 10 per cent personal income abatement, a 50 per cent succession duty abatement, and an allowance of 9 per centage points for provincial corporation taxes, as is proposed in the legislation before the committee at the moment. Therefore I am completely unable to accept the argument advanced by the Leader of the Opposition that we have failed at any time to carry out any engagement that was made, beginning with the wartime tax rental agreements.

When I interrupted the Leader of the Opposition this morning with respect to the argument he was making as to the result this would have, I gathered he had in mind that not only should we vacate those tax fields, as we have done on successive occasions, but that we should continue the former arrangement, as he said, and I read from the *Hansard* typewritten sheets of his answer to my question—

Before the war there had been arrangements under which certain of the provinces were imposing taxes, and that was in the mind of those who were arranging the agreements at that time. It was understood that immediately afterwards those provinces that wished to do so would again impose taxes and that the federal government would carry out the arrangements which it carried out before the war with respect to collecting those taxes up to the amount imposed by the provinces and without double taxation. That was the simple and clear understanding at that time.

I asked at that point if this bill was not doing that and, of course, he said that in effect the bill may be doing so at the moment but that we had not done so in the past. I have examined the record, and I cannot find any undertaking whatever by the federal government to go on collecting taxes at the conclusion of the war period on the same basis as before. However, let me point out that we are offering to do it at the present time and the conclusion of the tax rental agreements.

The leader of the C.C.F. party has made a number of suggestions as to why we seem to be retreating from the position we took in 1945. He knows quite as well as I do—and I think I should repeat this although he has heard it many times—that the green book offer of that year was conditional on a great many things which were not met, including the fiscal arrangements contained in the suggestions in the green book. On the other hand, I think he can go through the green book, and while he can make arguments with respect to the price of goods to be purchased now as compared with the price at that time, he will find it somewhat difficult to pick out any offer we made at that time that has not been carried out or is not about to be carried out by offers that are now outstanding.

Mr. Winch: I will be glad to do that.

Mr. Harris: Just a moment. This is from the green book in which those offers were made conditional upon certain other arrangements being entered into, which have not been met, and for that reason the original offer was vitiated.

I take it his argument is that the tax rental agreements now in existence have met to a considerable degree the fiscal need of some provincial governments at least; yet because they hid the fiscal need element, they were to be preferred to the present system. Let me answer that very briefly by saying this. The present system will show

quite clearly the amount whereby the taxpayers of a given province are not able to contribute in these three tax fields to the extent of other taxpayers in other provinces, and we have based the equalization payment on the deficiency between any given province and the average of the highest two provinces. In this way everyone can see at a glance what that deficiency is from year to year, and will be able to decide whether or not this parliament should make a deficiency payment in this particular case to the extent that the legislation calls for.

I would suggest to the leader of the C.C.F. party that it is far better to know the extent of the fiscal need that is being met in this matter, so that if the argument should be made that this government is not aiding in this particular field we can see what is being done; and if the argument should be made that it is not enough we have the statistics on which we can base our decision on that argument.

I noticed also that he emphasized more than once in the course of his remarks that we seem to have given up some of the authority and the power we had to control by taxation the difficulties that we may become involved in if we have another depression. Well, now, sir, we are not doing that to any great extent. It is true that to the extent that a provincial government may elect to impose and collect its own taxes under the legislation now before us there will be that diminution, if you like, in the almost complete authority of this parliament to impose taxation in those fields which has existed when all but one of the provinces have made tax rental agreements, as has been the case in the last four or five years; and yet, sir, I suggest that that slight diminution, if it is serious at all, is not by any means serious enough to take away from this parliament whatever opportunity it may have to exercise by fiscal policy, some changes in the economy from time to time. If I had thought that there would be any other result I would not have presented this resolution in its present form.

I believe—and I think the leader of the C.C.F. recognizes this—one of the principal problems in carrying on with a tax rental system such as we had is that despite the expression of opinion in 1945 that it would be desirable to maintain that authority in this parliament against the possibility of a post-war depression—and I think I should add here that I never heard of anyone who did not expect a depression at that time; everyone was apprehensive, therefore the thinking and planning of everyone was coloured a little by that—it should be borne in mind that since that time we have had only the slightest of recessions in 1954 and during that time it was quite clear that the whole of the provinces of Canada were not going to be in agreement with the tax rental system that we began at that time. That is a political fact that ought to be considered and due weight should be accorded to it.

Therefore, as I said in my introductory remarks, when we came to consider what should be done when the tax rental agreements ran out we were obliged to think of another system that would meet the needs of the people and maintain in this house to a large extent the power and authority for taxation purposes that have been mentioned, as well as to recognize, if we come to the other argument, that the tax rental system imposes upon provincial governments some restraint on their autonomy, a restraint which is not good in the long run. So we had to consider whether some system might be devised under which if they wished they might return to taxation in those particular fields on their own terms to a certain extent.

Briefly the Leader of the Opposition and the leader of the C.C.F. party referred to the weaknesses of the Weimar constitution, and I think I could add one to it. My recollection is that the first constitution of the United States provided for maintenance of the central government by the governments of the 13 states, and it too fell by the way for the simple reason that you cannot have a central government dependent on the support of the constituent parts of that central government. For good or ill a central government must stand on its own feet and must be able to exercise the authority and powers which it is called upon to do by the constitution. Inevitably, in a country like Canada at least, the central government when times are not as good as they are at the moment would have to stand behind the provincial governments in any crisis that might arise, as it did in the depression which brought about all the things we are talking about now.

We should not overlook the fact that while the Leader of the Opposition seemed to suppose I should have found a solution to this problem in the past few years, the history of this problem only goes back to the depression of 25 years ago, and we have experimented with only one solution, which was the tax rental system to overcome the difficulties reported on by the Rowell-Sirois commission.

It is true the provinces accepted the tax rental system during the war simply on an emergency basis; the Leader of the Opposition is quite right in saying that. On the

other hand it is equally certain that a great many people in Canada would have desired that the Rowell-Sirois commission report be carried out before the war in one form or another, and that when the war ended there were a great many people who felt that the advantages of the single tax system in these particular fields should be maintained, that at any rate the advantages to certain provinces and communities by reason of distribution of these tax fields had been very great and should not be discontinued.

That has been the policy of this party. We have upheld the tax rental system in two general elections, as the leader of the C.C.F. party mentioned. We have been upheld in those general elections not because of the tax rental system itself but because the result of it was that we were able to provide the provincial governments with extra revenue they could not get by their own means, and in that manner they were able to provide services for their people which otherwise would not have been provided.

The leader of the C.C.F. party remarked that we might possibly be losing our powers to control unemployment. We have, of course, provided a means of alleviating the difficulties that arise with unemployment, but I suggest that the record of this government in maintaining a high level of employment over the past 10 years at least has been such that no criticism can be directed at it at the moment. We are today approaching a time when there will be a shortage of labour in Canada, and practically everyone who can work will be working. Indeed I think we have passed that point until now people are saying, "Let us have more hands." Everyone is working.

I do agree with one thing that is said with respect to succession duties. There is no question at all, sir, that this duty is one which in my opinion should be collected by the federal government and by provincial governments if they so desire, of course. It is true that the facilities for becoming wealthy in Canada are not confined to any municipal corporation or any provincial area, and that when great wealth is made it is usually made throughout the dominion. In my view in this particular instance it would be desirable to maintain the collection of succession duties for the purpose mentioned by the leader of the C.C.F. party.

A great deal has been said about the ill effects of double taxation. There is no question about it that double taxation is undesirable in Canada from a practical standpoint and from the standpoint of the taxpayer. He would prefer to make one return and deal with one government so that his costs could be kept down and so on. On the other hand it should not be overlooked that we in this country have a federal system with provincial governments, and one should not expect to take away from them the right of taxation if they desire to do so, except by their own consent.

I must say the fact that some provincial government might choose to impose taxes in these fields rather than agree to a tax rental system does not bother me particularly because I realize that while there will be in that particular province a little bit of difficulty for the taxpayer in filling out more taxation forms and satisfying a second government instead of only one, I think this will be accepted by the taxpayer in that province on the basis that the provincial government in its wisdom feels it is desirable to enter this field either for maintaining its autonomy or for the purpose of obtaining a greater revenue from the particular tax than that which we would be able to provide by the tax rental agreement.

The leader of the Social Credit party has perhaps given greater condemnation than any others of the offer we have made. As I said at the beginning of my remarks, I am not in a position to say that under some conditions we could not have provided a greater percentage in the standard rates than we have at the present time. All I can say is that we met in conferences, and may I say at this point that they were conferences. There was discussion, and there was no take it or leave it attitude. Although I was not a member of any other conference I have spoken to many who were members of previous conferences, and I have been told by them that these several conferences were conducted in a better spirit than any others have been, which is an indication that we were not adopting a take it or leave it attitude.

I pointed out at the conference last year that I thought perhaps I was the only minister of finance or provincial treasurer present who would show a deficit during the last fiscal year. My recollection is that one of them mildly disagreed with me on the ground that in his province there was apt to be a deficit under certain conditions. I think the committee should bear in mind that we did have a deficit in our fiscal matters in the last fiscal year. It is true that this year we expect to have a surplus as I indicated in March and that surplus is due, as everyone knows, to the increased activity in the country together with the delayed effect of the payment of corporation income taxes.

This, of course, does not redound to our complete advantage under the system we have here. As corporation and individual

income taxes and succession duties increase, the provincial governments will receive the appropriate increase that we have provided in the legislation. We are not tying them down for five years to the maximum amount they are going to receive next year so that from then on they are constant while we take the extra payment; by no means. They are getting their share of the increased payment if there is an increased payment of tax in these fields.

On the other hand, and this should not be overlooked, we are guaranteeing the provincial governments that they shall not fall below a certain level, no matter what those payments may amount to. That guarantee is a very essential and very desirable part of those arrangements from the standpoint of the provincial governments. It might happen that we shall not have to use the guarantees we have given. As I said this morning, we should hope that conditions in the country would be such that it would not be necessary, but I think we have to accept the fact that as difficulties arise this government must see that on all occasions the revenues of the provincial governments do not fall materially or drastically because of conditions arising throughout the country as a whole.

The leader of the Social Credit party has called these proposals niggardly. I have been finding it difficult to understand this language, sir, because the document I tabled this morning indicates that if the tax rental agreements have been good from the standpoint of payment—and no one particularly has said they were not reasonably good—surely this is better, when every province receives at least as much under the proposals before the committee, and in most cases more than they would under the tax rental agreement if it were extended into the following year. I do not know what one would consider an adequate increase in provincial revenues from year to year might be, but let me point out that this means a 20 per cent increase in the payment from this government to the provincial governments. Further than that, the amount being paid comes, I think, to an average increase in provincial budgets across the country of about 8 per cent, and in some cases more than that. It seems to me, whilst I would not be in a position to judge whether any provincial government would feel that it ought to have more than that, if you find an average of 8 per cent it would mean that some had around 11 or 12 per cent. That is a fairly substantial increase in gross revenues in any year, and provincial governments probably would not be in any particular financial strait-jacket, as has been suggested during this debate.

Now I want to point out one other thing. The Leader of the Opposition made some fun over my remark about not having a solution to this problem. I said a moment ago that we have been only experimenting with it for less than 20 years. We have only had a report suggesting something like this for less than 20 years. I should not suggest that we could arrive at a final and conclusive solution at this time. We have followed only one system up to the present time, tax rental agreements negotiated separately with the provincial governments. We are now attempting here a solution which is not final—that is why I did not use the word—and which even the Leader of the Opposition described as having merit.

In fact I suggest now that it has this merit, that when the terms have become known it will be seen that about the only argument that might be made against it is with respect to the amount of money involved under any given circumstances, and that the need of the provinces is clearly set out. The federal government makes certain payments under certain conditions; and for these reasons the provincial premiers who studied it, whilst dissatisfied no doubt with respect to the amount of money involved, have not, as I have said, suggested to us that any other system would be better than the one we have suggested here.

When the bill is before the house, of course, I shall go into much greater detail than I have done today; but I suggest that if any increase in contributions to the provinces to the extent of 8 to 12 per cent is going to be described as niggardly, then I am afraid I shall not be able to carry on a discussion on that basis. I suggest that it is a good increase, one which may not perhaps be acceptable in some quarters, but which does not tie down the provinces over a period of 20 years, as has been stated here today.

I realize that the provincial governments, like this government, cannot plan just from year to year, though we only tax from year to year. We must be aware of the problems that are going to arise from time to time, but this government engages upon programs which are not completed in one year. We have programs going on which we know will not be completed for another three or four years. We have embarked upon them with what money we get from year to year in the meantime to complete them. Therefore we limited the proposal before the committee to five years.

I for one would doubt that in five years' time the system would remain precisely what it was. At that time, as I said this morning, there will perhaps be different

men dealing with this matter, with different ideas as to what ought to be done, but this plan is good for five years. I do not think it is going to destroy the municipalities and provincial governments in the meantime. What is more, I think it is going to be advantageous to them. At that time, if a change is required perhaps it may be worked out. In the meantime I suggest that we ought to rely on the opinion I have given, namely that so far no one has suggested a better system, and we can discuss it in detail when we come to the bill.

Mr. Nowlan: I am not going to get involved in a discussion with the Minister of Finance as to what may or may not have been suggested or what may or may not have been done in years gone by. The Leader of the Opposition and others who have participated in this debate will have an opportunity of speaking again at other stages, and I am sure the record will be dealt with effectively at that time.

The minister has given us a fairly long dissertation upon his philosophy and the philosophy which he thinks motivates those who have proposed this resolution. I cannot disagree with him in everything. As the Leader of the Opposition said this morning, there are good points about this legislation. As was said, opinions may differ as to whether this is scientific surgery or sophisticated butchery.

We saw a difference here this afternoon among the leader of the C.C.F. party and the leader of the Social Credit party and the Leader of the Opposition. Like the three blind men dealing with the elephant in the dark, one felt the leg and one felt the side, one felt the trunk, and they each got a different reaction. So it is not something on which one can be dogmatic in every respect. There have to be qualifications in anything which may be said. However, I would take some objection to what the Minister of Finance said to the effect that the support which his party got in elections in the past had been partly attributable to the fact that people in some provinces realized they were getting moneys as a result of those tax rental agreements which otherwise they would not have got. Actually I do not think that can be justified at all, because those agreements, as the Minister of Finance knows full well, were not designed for the purpose of distributing the wealth in any way. As a matter of practice, in the end federal agreements were made with the wealthier provinces which were much more lucrative than those made with the provinces which had less, and which were compelled to sign because if they did not sign they would starve to death. It had nothing whatsoever to do with the distribution of the means of this country in any shape or form.

If one reads the history of this, one sees how complicated it is. The minister made reference to the Rowell-Sirois report and the studies carried on before the war.

There is no question but that at that time it was envisaged by that commission that there should be a centralization of taxation, a recasting of federal responsibilities and duties under confederation. Many things were envisaged then including, of course, the fact that taxation was necessary as a fiscal instrument in order to control or deal with depressions. That is one factor the member for Rosetown-Biggar referred to this afternoon, and I think the Minister of Finance suggested it. I believe he will admit that today the emphasis is placed on central banking and on monetary policy, and that the government realize that perhaps in that field they have a more effective weapon to deal with depressions should they come, so they are not so dependent upon taxation and therefore have been willing to relax some of the powers of taxation which they previously controlled.

There are many criticisms one could level. I propose to deal only with two this afternoon and to do so briefly, because the ground has been covered in general by other speakers and there will be others speaking as well who will perhaps develop the other points. The Minister of Finance says, "Oh, there have been conferences, and it is unfair to suggest that there have not been conferences." Well, you can call them conferences, Mr. Chairman. We have also had consideration in this house which lasted 15 seconds. That was deemed consideration. We have the minutes here of the conferences, and we can see what voluminous documents they are. They certainly are conferences only by courtesy. They made long speeches. In fact they took all one day complimenting each other all around the table, and then went onto camera on the second day. But surely no one is going to suggest, least of all the Minister of Finance who understands the complicated constitutional problem with which this country is confronted, that in such a short time as was taken by these conferences one could attempt to deal with the various problems confronting the governments of Canada today.

The minister says, "Oh, my, we have only spent 25 years considering this and we have made remarkable progress because we have got away from the leasing type of taxation agreement and now, after 25 years, we are going to try something else which is a step

beyond that, and only a step, and which is only going to tie our hands for five more years." He admits, and quite wisely I think, that after 30 years there may be somebody else there who will be able to deal with this matter in some other way. Yet during that 25 years the constitutional problem in this country has only been brought particularly into crisis since the war.

Certainly there was no great need of haste, no great need of immediate decision in the horse and buggy day, in the red school house day, even in the days not too long prior to the second world war. But the pressure which has been brought to bear on the provinces and municipalities by circumstances over which they had no control at all necessitates and requires that some decision be arrived at on the over-all picture rather than a piecemeal attempt to deal with it by this so-called conference when, as a matter of fact, the premiers of the provinces were called together and told, "Here is our proposition; now, take it or leave it."

That is essentially the situation. This time they were given an escape clause if they did not want to take it. They were given a part of the back yard in which to play. It was not fenced off but they were told, "If you do not want to accept this, then you can go and play in the back yard. We will give you a little part of it where you can exercise your own taxation powers." In other words we have a feudal complex which arose first out of wartime pressure, and having made use of the last agreements for their own ends the government now feel that they should have the right to control these moneys collected by the central taxing authority, whatever the effect may be on the provinces and municipalities.

We in this party believe and have said time and time again that there should be a reallocation of responsibilities, that there should be a reallocation of taxation powers, and that this should be done by a constitutional conference properly called where these matters could be given consideration, where time could be given to them, and where the problems of Canada in the last half of the twentieth century could be faced. One of our objections to this type of agreement is that it fails to recognize that problem. The government says to the provinces, "We are being a little bit more generous. However, you do not have to lease. If you do not want to, you will be given a little bit of space in the back yard in which to play, but we are going to continue to exercise control over the collection of revenues and how we shall spend them."

What did the Minister of Finance say this morning? I made a note, and I think I took him down correctly. After dealing with the responsibilities of the provinces he said, "In our view"—there is the feudal right, the seigneur surveying the field—"this proposal will give the provinces the revenues necessary to meet their needs in so far as possible." He said, "in our view". There we have the view of the government of Canada determining what revenues are going to be necessary for the provinces and determining that in so far as possible, whoever may control that possibility—

Mr. Harris: That had regard to these particular taxation fields, not other revenues.

Mr. Nowlan: That had regard to the matters envisaged by this resolution and the control of the taxation fields. Then the minister went on to say all the things that Canada was doing for the provinces. He listed them and suggested that they ran into several hundred million dollars. That is true, Mr. Chairman. There are many things being taken over by the dominion, some of them I think necessarily so, and many more that perhaps should be taken over. But our objection is that they are being taken over indirectly. The government is coming in through the back door and doing something which should be done through the front door, and should be arranged definitely and fairly and on a basis on which agreement can be reached between the provinces and the dominion.

Frankly, some of us get rather tired of being told at election time that so and so, Paul somebody, is giving the people the baby bonus or is giving increased old age pensions, as if the government were reaching down into its own pocket for the money and giving it to the people out of generosity, when as a matter of fact the money is provided by taxes collected in fields which, at one time at least, were constitutionally believed to belong to the provinces at least as much as, if not more so, than the dominion.

So the time has come, as the Leader of the Opposition and others have emphasized today, with the increased problems confronting the municipalities and the provinces, to deal with this matter on a more constructive basis. Surely the time has now come after 25 years—and we admit that part of that time was a period of war with all the stresses, strains and difficulties of war; no one will question that for a moment—when these matters can be dealt with on a more constructive basis, a long term program worked out and the problem dealt with in such a way that the responsibilities of the municipalities and the provinces, which are suffering from an impossible burden of taxation, which are called upon to perform services in the field of education, the field of highways, the field

of public health, for which they have not the money, may be met now and dealt with on a long term and permanent basis.

It is true, as the minister says, that the dominion has heavy taxation and financial burdens. We realize that; but it is quite possible and I hope and think more than likely, that within the next year, two years or three years that lie ahead the heavy burden resting upon the dominion will lighten substantially because of improvement in the international situation, reconsideration of defence expenditures and the rest of it. The burdens resting on the provinces and the municipalities certainly cannot lighten in any way. They are going to increase. Their revenues are frozen until they are given reconsideration and until the whole situation is dealt with properly and, after conference, they are relieved of some of the responsibilities, with the federal government taking them over in a proper way rather than doing it indirectly, casually and in a haphazard and piecemeal way as has been done heretofore.

The hon. member for Rosetown-Biggar said a while ago that the federal government needed these increased revenues so it could deal with the requirements of the provinces and the municipalities. He intimated that he hesitated to advocate anything being done which would result in a reduction of income to the dominion. I think it has been pointed out today that there is little probability of a reduction of income to the national treasury. If this expansion goes on, and we know it will go on, over the long-term period—there may be minor areas of recession—with our natural resources there is bound to be an increase in the national wealth of this country.

There need be little worry about the dominion finding itself in a strait-jacket in dealing with the problem. As a matter of fact it has been pointed out by the Leader of the Opposition that the probability is that we will have a surplus of $500 million or $750 million or some such astronomical figure at the end of this fiscal year. Yet what happened? The provinces are given a little largess, a little gesture of help, and then the Minister of Finance says "In our opinion that is enough for you to carry out your provincial responsibilities".

Mr. Harris: Out of these taxes.

Mr. Nowlan: Take those taxes out and the problem facing at least some of the provinces will be most difficult indeed. That is one reason I, and I believe there are many others, am opposed to this resolution at this time, because it fails to deal with the problem with which this country is confronted and with which this country must deal. We have played with it for 25 years. We are now facing a crisis, and an immediate solution must be found. This is not something which can be deferred for five years, during which time, as the hon. member for Peace River has said, if there is not sufficient revenue it can be said that the House of Commons in its wisdom decided that such legislation should be passed and therefore there is nothing more which can be done.

There is another matter about which I wish to speak for a moment and which has particular reference to certain provinces. The minister said this is justified because it provides for the distribution of wealth among those provinces which are not as well endowed as some of the others. I am entirely in agreement with that principle. If you go back to the conference of 1945 you will find that the proposal then made by the premier of Ontario, the present Leader of the Opposition, suggested that out of the tax revenues which were to be allocated, 10 per cent should be set aside as a national adjustment fund for the provinces.

Mr. Harris: Ten per cent of the provincial revenues.

Mr. Nowlan: The revenues with which he was dealing at that time. At least he suggested that principle, and it is one that certainly should be recognized. There certainly is something wrong with the principle suggested by this government in this resolution. Again it is based on a per capita formula. A rather involved formula is proposed whereby you take the average of British Columbia and Ontario and apply that on a per capita basis, and the provinces below that average are to be reimbursed on that basis. That does not take into consideration at all the ability to pay as well as the population itself.

If you want to see the results of the application of the per capita basis just look at the payments made to the universities. The universities in the maritimes receive, as I pointed out the other day, in one case only $80 per student, while a university in another province receives over $400. If the Minister of Finance wants an argument with respect to that I can give him one which he certainly cannot accuse of being partisan. I would refer him to the argument advanced by the premier of Nova Scotia at the conference in April. At that time the premier took violent objection to the proposal that this should be worked out on a per capita basis.

I am not going to quote his words, but he went on to say that you could have a province with a per capita income of $900 and you could have another province where

the income was $1,200, and then you could work out something on a per capita basis, but the fact remained that the people in the provinces having only $900 of income would have very little left after paying their federal taxes with which to pay their provincial taxes, whereas in the other province, though they might feel that they were being overtaxed and undoubtedly could claim an increased burden of taxation, nevertheless they would have greater means with which to pay the provincial taxes to meet the provincial requirements. In the case of the poorer provinces they would not be able to do that and would have to rely almost entirely on the per capita grant. The province which fell below the average would be given something. But a formula should be worked out that would recognize the capacity to pay of the individual as well as the number of heads in a province. That the government has not done.

The maritime provinces submitted formulas to the conference under which they sought equitable treatment. One province approached the problem in one way and worked out a mathematical formula which could be justified. Another province decided what they needed in order to carry on their services, and they translated that into a formula. They both arrived at virtually the same formula. I am not going to try to check those formulas now because the minister knows very well that they were presented to the conference. But with what result? In this letter of January 14, 1956, to the premier the Prime Minister said this:

> At the same time we made it clear that the present government had no intention of abandoning the objective of the tax rental agreements which is to make it financially possible for all the provinces whatever their tax base to perform their constitutional functions themselves and to provide a reasonable Canadian level of provincial services without an abnormal burden of taxation. That is the foundation of the policy of the federal government.

If that is the foundation I certainly say they failed to build on that foundation. The premiers of the Atlantic provinces made it abundantly plain that the foundation is most unstable. It reminds me of what was said about the man who built his house on the sand. The rains fell and the winds blew, his house fell, and great was the fall thereof. This is a sand foundation which you are constructing under the financial structure of Canada. We must have something that will provide a more stable fabric on which this country can be built, something which will provide rock and not sand.

What the end will be it is difficult to say, but it is not one which is going to add to the standard of government of the provinces of this country. I should like to quote from a letter written by the premier of Nova Scotia, and again I state that he can not be considered as being a Conservative partisan. On January 12 of this year he wrote to the Prime Minister as follows. I am only going to quote in part. The Minister of Finance said that these agreements were an advance over anything which has gone before, or something to that effect. This letter states in part:

> The present proposal in essence does not approach this objective—

That is the objective I just read.

> —any more nearly than do the existing tax rental agreements. Indeed, one might observe that it differs from the tax rental agreements only in that:
>
> (a) it substitutes the per capita yield in the two highest provinces from three fields of taxation for the gross national product; and
>
> (b) it provides for an "equalization payment" to each province which falls below the average, whether or not that province chooses to vacate the three tax fields.
>
> In principle it gives no greater recognition to the fiscal needs of the provinces than did the tax rental agreements. I wish to impress upon you that the federal proposal compensates for lack of tax potential in only three fields of taxation and leaves the less favoured provinces (as do the tax rental agreements) with a per capita rate from local sources of taxation far below the national average.

Then he goes on to say:

> If, therefore, your letter of January 6 finally sets forth the position of the federal government with respect to federal-provincial arrangements—

It did, pretty well.

> —relating to these three tax fields, it would be my hope that in some other way consideration might still be given to the position of this and some other provinces, as urged by myself and several other provincial premiers during the October meeting.

That is the statement of the Liberal premier of Nova Scotia with respect to these tax agreements. I have a letter here written by the premier of New Brunswick which appeared in *Hansard* for January 31, 1956. It is a letter to the Prime Minister dated January 27, 1956, in which he said:

> Our government is now asked to accept a situation which does practically nothing to relieve the special disabilities under which we have laboured for so long. The formula which we presented to the conference envisaged transfer payments to our treasury of some ten millions of dollars more than we were receiving annually under the 1952 tax agreements. This amount is based on a realistic appraisal of our minimum requirements, if we are to be able to carry out our constitutional responsibilities. The proposal of your government would increase payments to New Brunswick by about $1 million annually, 10 per cent of our indicated requirements.
>
> This small percentage of the $10 million special adjustment grants envisaged by our formula will not enable us to provide the health and social needs, the educational facilities and services, the public works, the material benefits and cultural advantages—all of which are the birthright of an industrious and enlightened people.

That is the statement of the premier of New Brunswick with respect to these tax agreements. Now, we are told that this is a solution of the problems of the have-not provinces. It is no such thing. It is only a palliative. It makes no approach to an actual solution of the problems at all. New Brunswick requested $10 million, and actually Nova Scotia and New Brunswick were within a few dollars of each other as to what was required by each province in order to put them on a basis where they could satisfactorily perform the services required of provincial governments in this country today. They were refused and told that 10 per cent of that was the amount to which they would be entitled. I do say, Mr. Chairman, that is not the way to deal with the legitimate demands of the provinces.

When the Minister of Finance tries to stand up, smile and shrug his shoulders and say, "I did not hear anyone say they were dissatisfied with it", or something to that effect; "I did not hear anyone suggest anything better"; he knows that many of the provinces are in a position where they have to accept this whether they like it or not.

It is true it is an improvement over the days when people were allowed to starve. You are allowed now to eke out an existence because of the largess of this government which has pre-empted to itself this whole lush area of taxation, which undoubtedly it should occupy to a greater extent than it did in the earlier days, I grant you; but let us see that the moneys are divided properly. Let us see in particular that we have no more thoughts about this being for the benefit of the have-not provinces, as the minister told us, provided for them at the expense of the haves, because that is simply a fairy story and has no relation whatever to reality.

For these two reasons and others, I propose to vote against this resolution when the times comes.

Mr. Gillis: I feel it is my duty to say a few words on these agreements, Mr. Chairman. Having had something to do with many agreements, may I say that I do not ever expect the time to arrive in this world when two parties will get together where money is involved and come away with a satisfactory agreement. There is going to be something wrong with it. If there were not the two people would not be human. At least I have never seen one that was completely satisfactory to all concerned.

I have always supported the dominion-provincial agreements, because I remember back to 1939. I think the measure of the agreements, if you are going to be realistic about it, can be seen if you ask yourself the question whether you are better off with the agreements or without them. I can answer that in the affirmative so far as Nova Scotia is concerned. I do not want to go back to 1939. This province under the present taxing agreement is much better off than it would be if there were no agreement.

I think the main principle behind the dominion-provincial agreements, and the main reason I support them, is that in a country like Canada where you have a huge centralization of the wealth-producing organizations in two provinces, following the pattern in the United States, the only way you will get a redistribution of wealth to the other provinces under the present mechanics of society is through these agreements.

While I am on that point I might add that so far as I am concerned I did not come into this house to fight a party, either Liberal or Conservative. When I joined the group I joined, my quarrel was with the order of society under which I grew up through the thirties into 1939 and another war. My quarrel was not with the Minister of Finance, the Prime Minister or the Leader of the Opposition. My quarrel was with the mechanics of society which left people in the circumstances in which they were previous to 1939. I see in these dominion-provincial agreements, as in the other social security measures for which the present government is legislating, at least a move in the direction of changing things from the way they were and bringing about at least some degree of equalization and sharing the wealth.

This morning the Leader of the Opposition was emphatic in saying he did not agree with the centralization of finances and the centralization of taxing powers in the hands of the federal government. He believed that decentralization was necessary. I agree that decentralization is necessary in this country, not only in the field of finance but in the field of industry. Decentralization of industry is a very important point.

While there has been a lot said by the hon. member for Peace River and others in this debate on the question of financing education in the provinces, I think the main reason for that problem is that there are a great many municipal difficulties. Premier Frost made it quite clear at the conference of mayors. He said the development had taken place so fast in this province it had created municipal difficulties with which they were not going to be able to contend, such as more schools, more sewers and streets. He suggested at that time he thought the time would have to come when everybody would have to begin thinking in terms of decentralization.

As I see the proposition of the Leader of the Opposition, it is this. While there is a concentration of the wealth-producing organizations already in the two central provinces, to ask the federal government and the members of this house to go back and place the taxation powers in the hands of the provinces would mean a further concentration of wealth in the central provinces, because of the greater industrial development and the larger fields of taxation that exist in those provinces as compared with the other provinces that are not so highly industrialized. I think the proposition would mean not only a complete centralization of the industrial development of the country in those two provinces, but if the taxation powers were handed back to the provinces you would have an 80 per cent centralization of the taxes that are paid in this country in the two central provinces. Of course that would be good for them, but it would be bad for the part of the country from which I come.

I realize that there is not a province in Canada that suffers to a greater extent with respect to municipalities financing education than the province from which I come; but I do not think that going back to the system of taxation that existed prior to those agreements will help the municipalities. In fact it will hurt them in that part of the country. I read one very good survey made by the province of Saskatchewan. It was research into school financing. It came out last year and was a beautiful job of research right across the country. I have seen several other pamphlets put out by qualified people. None of those people suggest that you are going to benefit the provinces or municipalities in the field of education by reverting to the taxation system that existed before these agreements. Every one of the briefs and analyses that I have seen hark back to the same question, namely more federal aid to education.

You see, you cannot keep on demanding that the federal government do all these things and at the same time take the position that you are not going to give them the power that is necessary to weld this country together as a nation and try to bring about some equality. I took a look at our own position, and with all due respect to the letters that were read by the hon. member for Digby-Annapolis-Kings, I do not agree with him. Naturally, if I were on the bargaining side of the table and I was a provincial premier I would stick out for every last nickel I could get. I would do that in negotiating for any organization or for any group of people. That is the job of the negotiator. I believe more money could be used in the maritimes, but to say that this particular agreement did not do something for the province of Nova Scotia is to ignore the facts. Anyone who has taken the formula, the method of applying it as related to the population of the provinces, what the agreements were previously and what they will be when this legislation comes into force, will see that it has improved considerably. In fact the amount of money that Nova Scotia will receive under the present agreement, with the equalization, indicates that Mr. Hicks did a pretty good piece of collective bargaining, though he left the bargaining table and went back to his province not satisfied. I do not think any negotiator who is looking for some money for the people whom he represents should ever be satisfied. It is bad psychology to say you are satisfied.

In going through the agreement—and I did go through it pretty thoroughly, because I did a radio broadcast on this agreement some time ago, and to do that you have to examine the situation—I found that Mr. Hicks went back to the province of Nova Scotia with an increase of 20·1 per cent for that province. I am sure any union representative in this country who goes into a meeting with a corporation and comes out of the board room and tells the membership for whom he is negotiating that he got a 20·1 per cent increase in wages tells them something that is welcome news. It would be unexpected in many sections of industry today, but that is exactly the position in Nova Scotia.

I am not looking only at the amount of money they get at this time. I am concerned with this argument from different sections of the house and different parts of the country, and largely from provinces that are able to look after themselves, that we should get back to the system that existed previously to those agreements. I refer to the arguments that these agreements were war agreements; that they were emergencies. I believe that if the war had not broken out when it did in 1939 we perhaps would have had a revolution on the North American continent. We had a million and a half young men on the streets of this country with nothing in sight for them. If you went to Toronto even in 1940 you found hundreds of young men sleeping in the basements of churches. To say that these were war agreements designed to take care of war emergencies is to ignore the facts. I believe that those agreements would have come in any event. Had there been no war the trend we are following today would have had to be followed in order to bring about some equality in this country.

I would like to warn those who are saying that the agreements have no value and that the provinces are not getting enough—no,

they are not getting enough—that I am prepared to hang on to the principle we have established and to continue the process of collective bargaining with the federal government in order to get the amount that we do need, in time. I think it is democratic to continue to bargain with them rather than to throw away something we have now that has a great deal of value.

If tomorrow we handed over the fields of taxation to the provinces the benefit would accrue to Ontario and Quebec. To some extent British Columbia might benefit, but to some extent every other province in this country would suffer. The important thing to remember is that by cancelling these agreements and giving back the provincial fields of taxation you would dry up the field of social security. In my judgment without these agreements, without the reallocation of the wealth from the centre to the frontiers of the provinces that have not any great industrial set-up, high succession duty collections and so on, the federal government would not have the money in the treasury to make improvements in old age security pensions, family allowances and these other things which in fact are merely redistribution of wealth and of great benefit to the whole economy of this country.

It is not giving anybody anything, because the people who are getting the money are spending it on the essentials of life. That in turn creates purchasing power, and the purchasing power in turn keeps the wheels of industry moving and keeps the employees working and producing. At the present time the federal government is committed in the field of social security alone to spend some $650 million a year. That is a lot of purchasing power in the social security measures alone. In addition to that, of course, under these agreements the maritime provinces are much better off than they were. I told the committee a moment ago that Nova Scotia is 20·1 per cent better off in cash under this new agreement than it was under the old one.

If we continue the process of collective bargaining we may arrive at the point where we can strike a happy medium and provide equality right across the country, but I believe we should examine our criticism very carefully. I do not know what happened at the conference in Fredericton; at least, I did not get very much news out of it. About all I heard on the newscast was that they held a meeting of four provincial premiers at Fredericton. They decided to set up a permanent organization. They appointed a secretariat. Mr. Hicks said that freight rates was one of his greatest difficulties; that the freight rate increase would make it more difficult for all industry in Nova Scotia to market their goods in the central markets.

I did not hear anything about these agreements. The premier of Newfoundland said they were going to get all they wanted. That is a good collective bargaining attitude. The premier of Prince Edward Island said they were going after what they wanted and he thought they could get it. I did not hear what the premier of New Brunswick had to say. He convened the conference.

I hope they will stick together, because in the final analysis this particular question is not political but economic. It is a question of bread and butter for the people in the provinces these premiers represent. I am sure that each one of them realizes, if they examine their position today and their position prior to the agreements, that they are in a much better position today than previous to the establishment of these agreements. I think this is in keeping with the trend of the times. You cannot turn the clock back and you cannot look back to prewar days to try and get a picture of what you should do today, because we are living in a spanking brand new world.

I believe that in 1939, when the war broke, the other scheme as it then existed died a natural death, and when we emerged from that war we began to build a brand new world. We are mapping the world anew. We are getting propaganda and practical demonstrations from these other countries. If you look at these things in a material way alone you can get the economic side of the picture. We have no yardstick by which to measure the future, because we are prodding into the unknown.

While some people may quarrel with this idea of centralization, I think there has to be a head to the nation. There has to be some organization that has the responsibility of giving assistance, direction and guidance in the development of our resources. There has to be some authority. As in the case of a man with eight or nine children, there has to be a boss in the house. You cannot let everyone be boss and arrange their program and do what they like on their own. The father has to take the lead and assume the responsibility for establishing law and order in the home.

Canada with its ten widely scattered provinces and with people coming in from different parts of the world has to have a good central organization, and I think that is what was envisaged at confederation. I believe anyone who sits down and reads the British North America Act as I have attempted to

do realizes it was the intention of the fathers of confederation to have a central governing body. I believe that definitely was why the maritime provinces made the sacrifices they did. They realized they could not sit off in a corner by themselves and never help to build a nation. They were aware of the geographic problems they were going to have and the difficulty of marketing their products. They lost 50 of their basic industries. The first seven banks in this country were established in Nova Scotia, and that money was used to develop the markets and resources of that province. The resources were highly developed and their market was across the road.

They sacrificed all that; and although when you read the record of that period you find men like Howe and others making quite an issue of that particular position, nevertheless the people of the maritimes were prepared to go along with that and build a nation. I think you will find that in the maritime provinces today the people are more national minded than in any other section of this country. You do not have any difficulty selling the people down there on the idea of building this country as a nation.

The hon. member for Peace River said this afternoon that the wealth of the nation is produced by the people. Sure it is, but it is not produced just in one province. The gross national product is produced by the whole country working in co-operation. You will find Cape Bretoners cutting wood in British Columbia and you will find British Columbia machinery building the causeway down in Cape Breton. You will find Ontario machinery all over this country. The product of one province being sent to another and the economy of one province complementing the economy of the others is assisting to build this country as a nation. While the individual may work with his hands and produce the wealth, nevertheless he is not doing it as an individual but as a Canadian. In so doing he is trying to build the Canada of the future as a bigger and better place for his children to inherit.

As far as I am concerned, I have already put myself on record with my own people shortly after that conference took place. I knew the importance of this agreement to the part of the country I come from. I made it my business to sit down and examine the formula and work out the exact amount of money we were going to receive under this agreement, as compared with the agreement that will expire. As I said before, in cash it amounts to an increase of 20·1 per cent which the premier of Nova Scotia is going to have to play around with. I think he will realize—

of course, he is young yet and he is new and we will have to be patient with him and help him all we can—

Mr. Winters: He is coming along.

Mr. Gillis: It has always been my position that I will oppose you on principle. I will try to defeat you but if I do not succeed and you are elected to run the affairs of this country then as a citizen it is my job to help you in every way I can and to kick you around when I think I have to, and that is the position I am going to take.

Mr. Pickersgill: A very sound doctrine, too.

Mr. Gillis: Whether I like it or not he is the head of the government in Nova Scotia and he has a tough job to do. I am not going to make it any tougher for him, but if he is not trying to do the job to the best of his ability I am going to kick him around and show the people that he should not be there, that we should get another man. But I agree with the hon. member for Queens-Lunenburg, the Minister of Public Works; I think that as a new premier he is learning very well.

Mr. Winters: He is doing a great job.

Mr. Gillis: I do not intend to hinder him. I just wanted to put myself on the record here, because I have already done it publicly with my own people. I might say I never received a word of criticism about this and even if I had, feeling as I do that this is not a bad piece of collective bargaining as far as the province of Nova Scotia is concerned, I looked upon it as my responsibility to say so. If I am honest I am obliged to say that. I shall not make an attempt to analyse what this means to Ontario, because that is a job for those members who represent Ontario. The same applies to British Columbia and the other provinces. As a Nova Scotia member I figured it was my responsibility to know everything I could about this particular agreement because I represent a part of that province. I also think that despite all the legislation that comes before this house, including national defence matters and others, this legislation we are discussing now is of more importance to the maritime provinces than any other piece of legislation that has been passed in this house.

Some hon. Members: Hear, hear.

Mr. Gillis: Another thought I would like to leave with the committee just before I sit down is that I do not think we are going to solve all the problems of the maritimes under this agreement. I think the main problem of the maritimes is development. We have to try to get back to the position we were enjoying in 1867. With all due respect to the

confreres of the four provincial premiers, I hope they will do something.

The Atlantic provinces economic council has been working now for the past two years. It has a good secretary and some of the most important and competent people in the maritimes are on that council, with their main objective that of trying to bring some stability into that province. With that, coupled with measures of this kind, I think in time we are going to bring that part of the country back to its feet by developing industry that will work on the vast resources of those provinces. There is plenty of power in Nova Scotia. It is thermal power, and it is produced reasonably. I believe that any industry locating there can obtain power as cheaply as in any section of Canada. That is my information. There is a ready supply of power in the province of Nova Scotia and particularly the part I come from.

I do not envisage that anything is going to completely solve our problems in that part of the country until we get working on them ourselves and building the economic processes that will use the materials that exist in that part of the country. This, supplemented by the kind of legislation we are discussing today and coupled with the efforts of an organization like the Atlantic provinces economic council, will lead us to a solution for the problems of the maritimes.

Whilst I support these agreements for the value they have and the work they are doing, I do not envisage them as the kind of legislation that is going to solve our problems down there, because what we need is development. What I think would help Ontario is the realization that it is overdeveloped and has developed too quickly, and that its municipal problems are going to become greater and greater for the reasons stated by Mr. Frost at the mayors' conference. When they come to that realization there is a chance that some of the industry that is rushing in here because it is close to the main market and the main centres of population will be farmed out so as to bring about a better balance in the economy of the country and some protection in the event of war.

Mr. Chairman, my time is almost up, but I want to assure the house and the Minister of Finance that as far as I am concerned I am prepared to support this agreement as a step in the right direction, with the hope that the collective bargaining process in time will bring us to the point where we get something that is more satisfactory to everybody in the country.

Mr. Stuart (Charlotte): First I should like to say that I agree with what my hon. friend from Cape Breton South has said regarding the problems encountered by the maritime provinces, and I think he has been very fair in his reference to this legislation. We all know that the tax rental agreements were emergency agreements at the beginning of the last war. At that time they were never intended to be of a permanent character; they were for wartime only. After the war the federal government was prepared to discontinue the wartime agreements and let the provinces get back to a system they had followed previously of collecting their own revenues and spending at will.

I well remember the first conference that was held in Ottawa after I came here in 1945. At that conference there were seven of the nine provinces that felt that something along those lines should be done. Two of the provinces were opposed to it. Of course in the original tax rental agreement all the provinces were involved. The prime minister of that day stated that unless all the provinces agreed it would be impossible to work out any agreement with the federal government. I well remember that the premier of New Brunswick at that time, Hon. J. B. McNair, fought vigorously at that conference for an arrangement that he felt would be beneficial to the province of New Brunswick. I was proud of the stand he took at that time, and I believe that it was through Hon. J. B. McNair and some others that the arrangement we had during the war was carried on afterwards. I believe they deserved a great deal of credit.

In order to determine whether or not this arrangement we are discussing at this time is generous and fair, the reasonable method to use, in my opinion, would be to decide the amount that any province might collect from the fields that are rented to the federal government and then decide whether or not the arrangement under this proposal is fair. In looking over the figures that were supplied today by the Minister of Finance, I find that the tax fields rented by the province of New Brunswick to the federal government would yield $7,375,000. When I look down the list, I discover that under the new formula the province of New Brunswick will be paid $19,320,000. As the hon. member for Cape Breton South has said, those are the facts on which one must determine whether or not the arrangement is fair. When I look at those two sets of figures I am convinced immediately that as far as the province of New Brunswick is concerned, it is fair in every way.

Surely an agreement whereby for every dollar taken out of the province in taxation nearly $3 is returned could not be looked upon as a niggardly agreement. That is what

the facts bear out in so far as the province of New Brunswick is concerned: we are getting nearly three for one. For every dollar taken out by the federal government in these fields we receive $3 in return. I believe it is most beneficial to us down there, even though there may be some who feel that the amounts should be increased. I am sure we shall discover that the feeling of the average citizen in the province of New Brunswick is that it is fair in every way.

The leader of the Social Credit party, when he spoke today, called the agreement a slap in the face. In reply I can only say that in so far as New Brunswick is concerned, if this sort of arrangement is a slap in the face I am one who would be ready to turn the other cheek at any time, for I feel that any arrangement whereby we receive three for one cannot be considered as niggardly or as a slap in the face.

In other words, under this tax-sharing arrangement about two-fifths of the total revenue of the province of New Brunswick will be paid directly by the federal government, and two-fifths of our revenue amounts to approximately $20 million. I am sure that without those payments it would be very difficult to maintain the services we need in New Brunswick at this time, or ever hope to improve them in any way.

It also must be borne in mind that in addition to this, which I consider to be a generous arrangement, there have been many other services provided for our province that under normal circumstances would be considered as purely provincial responsibilities. The minister today mentioned the fact that we have under consideration a health plan which would cost the federal treasury approximately $180 million. There is little doubt in the minds of any of us that the health of our province does come under provincial jurisdiction. There are the old age security payments, which were taken over by the federal government only a few years ago for those 70 years of age and over, who 20 years ago were considered to be a provincial responsibility. The federal government also pays 50 per cent of the cost of those between 65 and 70.

We all look back to the days of our boyhood—those of my age do, at least—when we had what were known as poorhouses or alms houses. We had overseers of the poor, and a person who was obliged to ask for assistance in those days was looked upon as a citizen who would not be too highly regarded; I can go that far, at least. I remember those circumstances well, and I remember how much I hoped that some day such circumstances might be improved. We have seen that improvement take place. The cost to a great extent has been borne by the federal government. We have also family allowances and unemployment insurance.

In my opinion the family allowance is one of the greatest means of distributing wealth this country has ever known. It is beneficial to nearly every family in our country. I have heard criticism of the department and the act, but I for one believe it is of enormous benefit to the children of the country. Again, it is a service that might be considered a responsibility of the provinces, but the point I want to make is that regardless of that fact the federal government has made every effort to distribute the wealth of the country fairly and equally to all. I believe that is one of the greatest things they have been able to do over this period of years.

The statement was made a few minutes ago by the hon. member for Cape Breton South that the wealth found in the different provinces should not be considered to be the property of the particular province. With that suggestion I heartily agree, because I am one who also believes that the wealth of the country belongs to the Canadian people. If some better way can be found of distributing the wealth of the country, that is the thing we are looking for; but to date I am convinced that the measures we have put on the statute books and the one that is under consideration today are very good examples of an honest, sincere effort to distribute wealth among the Canadian people.

Some in the central provinces may make the criticism, and they have a perfect right to do so, that this is taking from them and giving to the less fortunate provinces. My reply to such an argument would be that today perhaps 70 per cent—I am not quite sure that figure is correct—of our revenue is derived from the two central provinces, between 60 per cent and 70 per cent. We all know that the great and enormous industries of Canada are established in those two provinces. One can take so many different examples, but let us take General Motors or the Ford Motor Company or any of these large corporations. Their manufacturing plants are in Ontario. They sell their products in every province of Canada. There is no way in which the province of New Brunswick can be benefited so far as taxation is concerned. It is utterly impossible for us to reach General Motors in any way.

But through the taxes that are paid to the federal government, under the plan being discussed at this time and through the social services which we enjoy the federal government makes every effort to put the money

from the taxes that have been collected back into the hands of those who could not benefit from them in any other way. I believe that is a fair and honest way of distributing the wealth of our country.

In his remarks the hon. member for Digby-Annapolis-Kings mentioned the fact that this was a take it or leave it proposition. I for one believe it should never be any other way. I do not believe that any province should be forced to do anything. It is purely a case of take it or leave it. So far as the discussion with the provinces is concerned, there is no doubt in my mind that they were given every opportunity in the world to present their views. I believe their views were very carefully considered by the Minister of Finance and the government. But when it is suggested that the provinces were called in and told that this was the proposition and they could take it or leave it, go home or remain and discuss it, I cannot believe for one minute that was the attitude taken by the federal government. I say again that I believe that no province should be compelled to accept the agreement unless it wishes to do so.

When I look at the province of New Brunswick again and discover that if that province refused to enter into an agreement it would have about $14 million less revenue, then even though they may ask for more and demand more, as the member for Cape Breton South has suggested, and that is a natural thing to expect, I believe that every premier in the maritime provinces realizes that this is a good agreement.

I might also say that in the four maritime provinces we have three Liberal and one Conservative provincial premiers. I have read and listened to statements made by Liberal premiers in the Atlantic provinces that I did not like. A discussion took place in Sackville last spring in which all their troubles were blamed on the federal government. I realize that they have a story to put over and that when they come here seeking assistance they have to use every argument possible, but I do believe that deep down in their hearts they realize that never prior to the last 10 or 15 years was the same consideration given to the provinces as has been given in that period by this government.

I am sure they realize that the treatment of all the maritime provinces under the agreement is fair and just in every way. I support the proposal without any hesitation, because I for one believe the day may come when these agreements are criticized to the extent that the government may consider turning back these tax fields to the provinces and allowing them to collect their own revenue, thus relieving the federal government of that enormous responsibility. There is over $600 million involved in these agreements. I think we must all realize that is an enormous amount of money. In fact it is practically the same as our total revenue in 1939.

That is the amount we are turning back to the provinces today. Should the federal government decide that some other plan the provinces might have was a better plan, or should there be dissatisfaction with the manner in which the agreements were negotiated by the federal government and the provinces were told to collect their own revenue and spend the money as they wished, I am sure that in the province from which I come the services we now enjoy would be greatly curtailed and any thought of improving services in the future would be forgotten.

Under this arrangement, as I have stated, we are receiving nearly $3 for every $1 taken out. I believe we should all be prepared to acknowledge that fact, and at the same time be prepared to state publicly and otherwise that in the opinion of the citizens of that area the agreement is fair and just so far as they are concerned. I agree with the principle completely because, as I have said, it is just another effort to distribute the wealth of the country fairly in order that the same services may be provided for all citizens, regardless of the part of the country in which they may live.

I know it has been most helpful to the citizens of the maritime provinces, and I hope that not only will the agreements continue for this period but that the criticisms we hear from certain sections will not be sufficiently strong to convince the Minister of Finance or the government that these agreements should be discarded because the provinces, which are finding it very difficult to get along financially at this time, would be then placed in a more difficult situation.

The member for Cape Breton South has suggested that this tax rental arrangement is not a cure-all. I am sure we can all agree with that. There is no one who would be more willing to acknowledge that fact than the Minister of Finance. He has suggested today that this is a matter that has been given a lot of thought and consideration, and that in the opinion of the greater percentage of the provincial premiers and treasurers who attended the meeting this proposal was an improvement over the old agreement. I agree that it is an improvement over the old agreement, because any agreement that provides a greater amount must be an improvement. It is true that the generosity which has been extended to the maritime provinces under this agreement will be of more benefit.

The one cure-all for that part of the country is cheap power, and at the present time that is something we cannot see in prospect. I do hope the day will come when we can develop electrical energy in the Atlantic provinces at a cost comparable to that in other parts of Canada. When that time comes I can see some hope for the development of manufacturing and industry. Until we can find some way to develop electrical energy at a more reasonable cost than is possible at the present time we must carry on as we have in the past.

I believe that conditions there at this time are much better than they were 15 years ago, as the hon. member for Cape Breton South pointed out. I believe they will improve in the next 15 years. I assure the Minister of Finance that the people I represent consider that this arrangement will be helpful to the citizens of our province. I am prepared to support it, and I know in doing so it will be approved by those who receive the benefits.

Mr. Blackmore: Mr. Chairman, we are discussing a measure the heart of which seems rather difficult to get at. There seems to be a considerable amount of disagreement among hon. members who have spoken as to interpretation. I believe that in general most of the hon. members who have participated have forgotten that this measure is a direct descendant, shall I say, of the Rowell-Sirois commission and the Rowell-Sirois report, and also that the Rowell-Sirois report was put before the conference with the provinces on January 14, 1941, and was unconditionally rejected by three of the premiers, conditionally rejected by three, and supported by only three. It is the fact that three premiers of Canada were free enough, brave enough and patriotic enough to reject that recommendation that makes it possible for us to consider this measure today.

If we can all keep that in our minds it will help us to view this measure against a background which might considerably modify our attitude toward it. We can now ask ourselves who were behind the Rowell-Sirois report? Who were the people who caused the Rowell-Sirois commission to be set up? What was the aim of those people? Are those people aiming to accomplish the same thing today? Is this measure designed to be a move in the direction of the achievement of the objectives which the movers behind the Rowell-Sirois commission and the Rowell-Sirois report had in mind years ago?

The danger we face is that the same men who designed the Rowell-Sirois commission and the Rowell-Sirois report may be in position today to influence very forcibly the present government, this Liberal government which is the successor of the government of William Lyon Mackenzie King, who I believe against his will set up the Rowell-Sirois commission and who I believe against his will called the provinces together in January, 1941 and asked them to decide in wartime on a matter which threatened the peace and harmony and unity of this nation.

There will be some who will say that is pretty extreme. Maybe it is, but I am afraid it is not. Everywhere we look today we see restless pressure for centralization. They are not content to allow people to govern themselves. We are working in NATO to deprive people of their sovereignty as nations, in organizations like the United Nations to deprive them of their sovereignty as nations. We have already accepted Bretton Woods with the object of depriving nations of their sovereignty. We are talking of world government to accomplish the same objective. It is everywhere in the air and everywhere in the press if we just listen and look. Can we expect that the men who are fundamentally and signally behind this centralization movement may not be seeking for centralization in Canada which could destroy the British North America Act?

When Major C. H. Douglas, the founder of Social Credit, was in Alberta in 1934 he told us that the two most perfect constitutions in the world were the British North America Act and the constitution of Australia. He told us that the powers who were seeking for centralization in the world were seeking by every means at their command to destroy those constitutions. Until they can destroy the British North America Act the sovereignty of the provinces cannot be destroyed. It will not matter very much if they get complete control of the central government of Canada, because the provinces can denounce the decisions which that central government may make.

I think a fairly good case can be made out for the general proposition that there is danger in this measure on the very score that it is a measure designed to weaken the British North America Act. One thing about it that leads one to suspect that is the fact that for the first time, as I recall, the bill has been sought to be introduced as a sort of enabling legislation. The bill had been planned to be introduced before the provincial premiers were called together in conference to make a decision. As I recall it that is so, if I am not right, then bring along the evidence. I do not have all the information, but I have quite a little bit respecting these matters.

In this case the provincial premiers did not meet and agree with the federal government as to the details which would be embodied in the act which will follow this resolution. The resolution is worded, apparently, to make it so that, as the hon. member for Peace River pointed out, the decision will in large measure already have been made before the provincial premiers come together in a conference. At least there will be a law on the statute books of Canada which can be used as a means of exerting most severe pressure on the provinces which, under the circumstances of tension, a measure of confusion and haste and all that kind of thing, can be used to cause a number of the provinces to weaken in their stern resolution to resist any encroachment upon the fundamental rights of the provinces to provincial autonomy. There is the great danger as I see it, and that is the great danger that more than one premier sees in this measure.

Now, if this kind of procedure is adopted at this time, then five years from today, using this as a precedent, another measure could be adopted just a little more severe. The first thing we know in perhaps 15 years we shall have the provinces in a position where everything will be almost cut and dried before they get together to discuss the arrangements to be made.

While mine is going to be probably more or less a philosophical approach to the whole matter, I suggest that some of the evidence which I feel I can adduce before the house will be most interesting to a great many members as evidence upon which they can base their thinking.

I think there is no doubt that it is agreed that after the premiers rejected the recommendations of the Rowell-Sirois commission in January, 1941, and the dominion came back to them with the proposition that they would have a tax transfer agreement, in connection with which there was a certain amount of financial reward to the provinces. It is agreed that the end result financially to the provinces of the tax transfer agreement was beneficial. It is agreed by everyone that, when we came to the next two agreements, which were tax rental agreements, the net result was beneficial to every province, I think, probably, even to Ontario and Quebec, though I am not in a position to judge very well in respect of those two provinces. Certainly there was a substantial amount of financial advantage to provinces like Alberta, British Columbia and the maritimes. As a matter of fact every province in the dominion benefited, except perhaps Ontario and Quebec; they might have lost.

[Mr. Blackmore.]

Now, in this resolution, we come to a third type of agreement. We had first the tax transfer; then we had the tax rental agreements twice, and now we come to another kind of agreement, apparently. The name of it is given here in the last part of the resolution as "tax collection agreements". I believe it is sound for each of the provinces as a whole to say, in effect, to the dominion government —Alberta, for example, might say this. "We as a province do not possess the necessary power to tax the Canadian Pacific, for instance, and make them pay. We have not the power to tax many other corporations". Most provinces would say almost exactly the same thing. Now the dominion government has full power to tax these corporations and make them pay their share of taxation toward the financial well-being of this country. Alberta, therefore, would say to the dominion, and the other provinces along with Alberta would say the same thing, "You tax them, and then divide the money up between us and yourself". This would be sound so long as the province of Alberta took the initiative, and the other provinces likewise took the initiative.

When, however, we get to a point where the central government says, "We are going to tax all these corporations and we are going to give you, the provinces, what we think you ought to get according to a formula," then that is approaching the problem from exactly the opposite to the right method. The first approach, where the provinces take the initiative and agree as to what should be done, is the democratic method. It is the method which you would expect to be used in a federal state where each of the members is a sovereign province under the queen.

That, constitutionally speaking, is exactly the state of affairs here in Canada now, and that is exactly the state of affairs I believe I want to hand down to my children, that the provinces be sovereign just as the fathers of confederation made them. If the dominion government, in this measure now before us, is beginning the method of taking the initiative and telling the provinces what it is going to do, then it is just exactly the opposite of what ought to prevail under a federal state; it is undemocratic, it is dictatorial and it is contrary to the British North America Act. It will result ultimately in the destruction of the British North America Act.

I hope I have made clear the general attitude I have in mind when I approach this measure. I strongly suspect, Mr. Chairman, that this method of procedure is the beginning of a mode of approach which will result

in the dominion government taking the initiative, assuming command and telling the provinces what is going to happen. Because I believe that I am going to oppose this resolution with every bit of strength I possess. I believe it would be a good thing for the government to withdraw the resolution and call a provincial conference first. If it takes six weeks, let both parties talk the thing through and come to an understanding. Let the dominion have the provincial premiers put their case and listen. After they put their case then let our Prime Minister say, "What would you provinces suggest as an acceptable method of approach in respect to this matter? Obviously the tax rental agreements have been good for all the provinces, and very likely the tax collection agreement would be, whereby the dominion government collected certain taxes and divided them up amongst the provinces as they, the provinces desired they should be divided."

With that point of view, we the dominion government, say to the provinces, "Well, now, what is the best method of procedure; what is the best formula? How much money is involved? How much do you think we ought to have, because you know quite well, we, the dominion, have to have money to run the country. We have to have money if we are going to do more and more, as we have been doing"—the government has been doing that, and has been doing all the things the hon. member for Charlotte mentioned. All the things he said concerning the benefits which this government has conferred upon the various provinces are true. No one is challenging that.

Well, the Prime Minister would say to the provinces, "Now, you know we must have money and you must have money. Here we have a chance of raising money by taxes, corporation and income tax levies, succession duties. What is your idea?"

There would then be a wide divergence of opinion. I suggest they all should then do just what would be done in any public meeting. They should say, "Let us appoint a committee of the different provinces. Let them take this home, if they want to, and study it. We want this committee to come in and make recommendations that will seem to them equitable and advantageous in the circumstances." What an entirely different method of approach that would be.

The Prime Minister may say, "Well, I have not the time." I do not say he has, but he certainly has plenty of officials who have the time if he would tell them to go in there and listen to the provinces and let all work out the problem with the assistance of the dominion officials in the way of pointing out the difficulties confronting both sides. What difference does it make if it takes more than six weeks, if, at the end of that time, the provinces feel that there has been a straightforward approach to the problem with the objective of getting for everybody concerned the very best solution?

I think possibly I have placed my case before the committee in a general way. There will be those who will disagree. I would be surprised if there were not. I would think there was something wrong with me if everybody agreed with me, nevertheless I think there is a germ there. I have heard a great many people, prominent persons, express very much this same idea.

Now may we turn to the resolution just as it is? I have made this little introductory statement so that people could see what I am driving at. For the members of the committee and for those who will read *Hansard* out in the country I propose to examine a few aspects of Canadian financial history as those aspects may be related to this particular problem before us.

Meanwhile we have got so far away from the resolution that I think it would be well for me to read it so that those who read these remarks will know what we are talking about. The resolution reads:

> That it is expedient to introduce a measure to provide that the Minister of Finance may pay to a province, out of the consolidated revenue fund, in respect of any fiscal year in the period commencing on the first day of April, 1957, and ending on the 31st day of March, 1962
>
> (a) a tax equalization payment with respect to individual and corporation income taxes and succession duties;
>
> (b) a provincial revenue stabilization payment with respect to such taxes; and
>
> (c) a tax rental payment in accordance with a tax rental agreement that may be entered into by any province as an alternative to levying such taxes on its own behalf;
>
> and also to authorize tax collection agreements with the governments of the provinces.

This is the resolution we are talking about. Now, you will know, of course, as those out in the country would not know, that this resolution is the precursor of a contemplated bill, one measure in a considerable series of financial measures in Canada, commencing with the Dominion Notes Act of 1868 and including in the series, first, the Finance Act of 1914; second, the Finance Act of 1923; third, the Bank of Canada Act of 1934; fourth, such acts as have been passed by this house to legalize the tax transfer agreement and the tax rental agreements between the dominion government and the provincial governments which followed the rejection in January, 1941, by the provinces of the proposals recommended by the Rowell-Sirois

commission on dominion-provincial relations, set up by Prime Minister King on August 14, 1937. For those who want to find out where the authority is for that, may I refer to Mackenzie King's opening address to the premiers on January 14, 1941, at page 1 of the minutes of proceedings of that conference.

This present resolution appears to mark a new departure. It could be called an introduction to a tax collection agreement. It assumes that the coming dominion-provincial conference upon tax rental agreements will accept once more a dominion-provincial tax rental agreement of the general nature of those already accepted in years gone by, the difference being that this is a tax collection agreement.

It would have appeared more becoming if the conference had been held first and the provinces consulted before the bill was introduced, as I have already pointed out. Thus the provinces would be still in the position of taking the initiative, and the dominion would be acting as an agent for the provinces.

Now, the centralizers just hate the thought of an agent. They talk about the fears that the dominion will fall apart; there will not be any coherence. How in the name of common sense did we "cohere" up to the time the Rowell-Sirois commission was set up? We "cohered" pretty well then. We made a magnificent combination in world war I, and we accomplished a war effort that considering our resources probably surpassed that of any other community on the face of the earth. There was no big stick hanging over us in those days.

What held us together? The love of the union jack; the love of the king; the love of Canada; the love of the dominion; the love of righteousness; the love of Britain. These were the things that held us together, and these are the things that will hold us together in the future, far more solidly than any other consideration like laws, acts or agreements. Therefore those who believe in centralization and who fear that this dominion will fall apart if the central government does not have the power to command them need to revise their opinions in the light of the facts. We Canadian people are people who love great ideals, we people in Canada from coast to coast.

No, I do not hesitate to say that we look upon the dominion as an agent of the provinces put here to do a job for the provinces, just like the democracies in other countries. The government is their agent, their representative that exists for them. They do not conceive of themselves as existing for the government. That is the concept of the communist dictator people. Our attitude is entirely different. Therefore I do not hesitate at all to use that expression. Thus the provinces would be well in a position to take the initiative and the dominion would be acting as an agent for the provinces.

Now, then, by mentioning the individual income tax, the corporation income tax and the succession duties, the resolution reminds one of the Rowell-Sirois recommendation. I do not propose to go into that in any great detail at the present time, although I propose to go into details later on. Generally the Rowell-Sirois commission recommended that the provinces vacate income tax, corporation tax and succession duties as fields of taxation, in favour of the dominion, in consideration of certain financial benefits which the dominion would return to them.

I am not going to deal with that in detail at the present time. I am told that my time is up for the present. Therefore I shall make an end of these remarks at the present time, with the promise that when the time comes for me to speak again I shall deal with it then.

(Translation):

Mr. Balcer: Mr. Chairman, it would be superfluous for me to remind the house that we are now discussing one of the most important matters of national interest. Indeed, this year the matter of the federal-provincial financial relations seems to attract much more attention in the other provinces than it has in the past, but for us, citizens of Quebec, that problem always remains our main concern.

This year, the house is called upon to decide on a proposal different no doubt in its form from the proposals made previously by the federal government. First, the amounts offered the provinces by the federal government are a little higher than before; the government will therefore claim that this proposal takes greater account of provincial autonomy than did the previous centralizing proposals, since provinces are given a free hand in the matter of direct taxation: up to 10 per cent of personal income tax, 9 per cent of corporation income tax and 50 per cent of succession duties.

However, Mr. Chairman, this is no solution to the problem, and the amounts that the province of Quebec may receive are totally inadequate for its present and future needs

since the economic and industrial development now going on in Quebec is but a beginning. Moreover, the constitutional rights resulting from confederation are no more respected than they were before.

Naturally, we could hardly expect a complete change of policy after the famous speeches delivered by the right hon. Prime Minister (Mr. St. Laurent) on board the *Saxonia* and at the Reform Club, when he tried, in the strongest terms, to ridicule the stand taken by the government of the province of Quebec on that matter. Besides, this centralizing stand was reaffirmed by the four other federal ministers from Quebec and by the non-co-operating Liberal members, as my friend Mr. Mongrain called them during the last provincial electoral campaign.

They bore down heavily on the autonomous policy of Mr. Duplessis. They jested mightily about it, with results that are now rather well known.

While federal Liberal ministers and members did their utmost to belittle, in the eyes of the electors, the decentralizing policy of Quebec's premier, their provincial leader, Mr. Lapalme, stated on the same hustings that the federal government owed the province of Quebec $300 million which he promised to recover should the provincial Liberal party be elected. However, we must admit that the federal Liberal members did not say much on that point; they did not insist upon it, any more than they talked about the matter of the Chateau Maisonneuve, which only they can settle.

In fact, the resolution moved by the hon. Minister of Finance (Mr. Harris) and upon which we are called upon to pass judgment, is not the result of a conference between the federal government and the provinces; not at all. We are not being asked to ratify an agreement between the dominion government and the provinces, an agreement reached following long negotiations where every party concerned had previously examined the proposals made. On the contrary, once again the federal government acted in a centralizing and unilateral way. It called the provinces together, read its proposal and asked them what they thought about it, made a few minor changes here and there and said: "Do as you wish; this is as far as we can go," knowing full well that the provinces are not in a position to do without them, even though they found the amounts altogether inadequate.

The federal government proposes the 10, 9 and 50 per cent formula with equalization, but warns the provinces that it does not intend to add one cent. If you want more money, it is very simple, all you have to do is to levy additional taxes, or increase the present ones. If your municipalities are overburdened by heavy expenditures, and if your school boards cannot supply all the necessary schools and class rooms for a school population that has nearly doubled in the past fifteen years, the only thing to do is to levy new taxes or increase your taxes on real estate, even though those taxes are already too high and have long exceeded the limit.

As for the federal government, it dries up all other sources of taxation but says to the provinces and municipalities: "Levy new taxes", as if the provincial and municipal taxpayers were not the same taxpayers who are already so regularly and thoroughly fleeced by the federal government. As if those taxpayers were living in Africa! No, Mr. Chairman, those taxpayers who live in municipalities and in the provinces are the same ones who are faced with urgent needs; they are the same ones who must pay excessive taxes to the federal government, which is wallowing in wealth.

Mr. Chairman, may I call it six o'clock?

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Mr. Balcer: Mr. Chairman, prior to the dinner adjournment at six o'clock, I was saying that the federal government was wallowing in wealth while the provincial governments and the municipalities were facing the greatest difficulties. Here in Ottawa surpluses have been recorded practically every year since the end of the war, and these surpluses of $100 million, $200 million or $300 million which have been accumulated since the war now reach a total of close to $2 billion. That is an extravagant figure, and even this year many experienced people claim that the federal government may end the year with a surplus of close to three-quarters of a billion dollars.

That means, Mr. Chairman, that the federal government will have overtaxed the provincial and municipal taxpayers to the tune of $750 million, which makes absolutely no sense. And the proof that it does not make

sense is that the federal government feels so rich that it rushes into adventures as scandalous as its gifts and its loans of more than $150 million to the pipe lines of Mr. Murchison and his friends in the United States.

These much talked of surpluses, Mr. Chairman, are piled up by this government at the expense of the provinces and the municipalities themselves. If this country is now experiencing an unheard of industrial development, which in turn fills the coffers of the Minister of Finance, it is due first of all to the provinces which are called upon to make the first disbursement, though they have to wait long after the federal government has helped itself, before they get anything out of it.

If you want examples, they are very easy to find. Take the case of all the new industries which come and settle in the towns of our province. First, the municipality has to ensure water, sewer, street or road services, garbage collection, snow removal, schools, etc. Most of the time, the municipalities have to grant tax exemptions and seek assistance from the provincial governments for the establishment of each of the municipal services, and, finally, the provincial governments have to help school commissions give these new developments new school buildings almost every year.

After all those expenses caused by a new development have been made, the federal government establishes mail service for instance, but here again, only after receiving delegation after delegation, after requesting that a sidewalk be built and that there should not be more than 80 feet between one house and the next, that the federal government agrees to provide letter-carrier service, even if it takes only one hour per day, at a cost of approximately $500. It is probably the only immediate expense that would be incurred by the federal government in a new development.

And all the time the plant is being built, the federal government,—which did not have to pay a single cent for this new development, collects the sales taxes on materials, income tax from the first pay day of each worker, and so on; and later on it collects taxes on corporation profits as soon as the manufacturer is making any money.

For a more concrete instance, take the case of Chibougamau.

The province of Quebec had to build a road costing more than $6 million from St. Felicien to Chibougamau, right in the middle of the woods, where there was not a living soul, and even before a single ton of ore could be processed. This road enabled an absolutely virgin area to become one of the most important mining centres of this country. Out of the pay cheque of each miner, out of the profits of each of these companies that were developing the fields, the federal government took the lion's share before the province even received a cent, though it was the province that had paid so much to bring this new development into being.

When everything was done and the strides of mining would have called for the building of a railway, it had to be demanded for years in this house. The companies, the chamber of commerce of the Lake St. John district, and the municipalities had to prove with figures to the Minister of Transport (Mr. Marler) that the federal government could make a profit as soon as this railway was established. The companies were even asked to give written undertakings before the government agreed to build this railroad—

Mr. Villeneuve: None was given.

Mr. Balcer: Even when those gentlemen of the Department of Transport and of the Canadian National Railways had all the necessary evidence on hand, they required a further six months to think it over before they agreed to invest funds in a venture the outcome of which could no longer be doubted by anyone.

At present the north shore of the St. Lawrence is witnessing an unparalleled development: Baie-Comeau, Seven Islands, Labrieville, Havre St-Pierre, Schefferville, all those municipalities are mushrooming, producing for the country and paying taxes that are increasing steadily each year.

The province of Quebec is building roads in the most rugged country and large dams to provide electricity for the new economic development not only on the north shore but in the Gaspe peninsula and the rest of the province. Cities are built, schools go up by the hundreds and the federal government gets millions of dollars out of it while the provincial government spends its funds. And if you ask for a railway to link this new industrial empire to other parts of the country, the Minister of Transport says you are a dreamer.

To give another example concerning my riding, I am going to mention the harbour of Three Rivers, one of the few whose operation is paying the federal government a profit.

The Three Rivers harbour, Mr. Chairman, lacks modern equipment and sheds. Very often the goods of our manufacturers are left on the wharves, exposed to rain and weather, because of the lack of sheds. The amount that the federal government proposes to spend on improvements to this harbour, from which it derived millions of dollars, is $35,000, and this only after the representations of the chamber of commerce of Three Rivers, and those of municipal authorities, which I have been echoing in this house.

Do you know what the chairman of the national harbours board said when the board sat at Three Rivers? This gentleman told us emphatically that if new companies in Three Rivers needed additional wharves, the board would not impede that development and would make sure that they be given to those companies once they are established there.

The federal government, which does not want to give up its privileged position as far as taxation is concerned, a position in which it has entrenched itself during two world wars, always resorts to the same pretext, national defence.

Every time anyone talks about income tax reductions, the government answers that it is impossible on account of national defence. Whenever public works are required that would help industrial development, we are told that it is impossible because of national defence. And whenever the provinces ask for more generous treatment by the federal government, they too are told that it is impossible on account of national defence. However, although the necessary national defence expenditures are high, at present, they are not likely to increase as the years go by, while the expenditures that the provinces must assume in order to ensure the industrial development of Canada are and will be steadily increasing from year to year.

Besides, is it not obvious that Russia tends to transform her threat of military conflict of these last years into a threat of economic domination. And the western countries, such as England, are going to reduce their war budget, their national defence expenditure, to undertake a greater economic development. Canada will no doubt have to follow that example, and while federal defence expenditures will be on the wane, the provinces will have to face the prospect of economic warfare and pay the costs of it should the present fiscal agreements remain in force.

The Minister of Finance makes much of the fact that one of the most interesting features of the present federal proposals is that the province of Quebec will be in a position to receive the same amounts as the other provinces without having to sign any agreements to that effect, agreements which the people of Quebec province would never, in fact, have signed, as was so often demonstrated in the past.

It is high time that the people of Quebec should cease to be placed in an inferior financial position and to lose vast sums of money simply because its government, answering the all but unanimous views of the people, has refused to be a party to agreements which run counter to its traditions, to the traditions of the province, to its autonomy and to those rights guaranteed to it by the constitution of this country. However, the proposals brought down by the Minister of Finance in this resolution do not solve the problem within the meaning and the spirit of the constitution, not even for the next few years. What is in fact required is a federal-provincial conference in which the federal government and the provinces will consider the steps to be taken for a fair distribution of taxation fields, so that the provinces may play their part in their own sphere. As the Leader of the Opposition (Mr. Drew) so aptly stated, the power of taxation means the power to govern, and the government of the province of Quebec must enjoy its own powers of taxation so as to be able to administer that province which, no matter what is said, is different from the others because of its language and its faith.

Education is the guarantee of the survival and development of the French Canadian race on the North American continent, and it is the duty of the Quebec government to preserve it with jealous care. To do so, it must have the power to legislate on all matters pertaining to education within the province. The power to legislate cannot operate soundly without the power to tax for the same ends, and that power cannot operate soundly if the province is at the mercy of the central government's subsidies.

That is why, Mr. Chairman, while the federal proposals are an improvement as far

as the amounts to be paid the provinces are concerned, I consider first that these amounts are inadequate to meet the enormous responsibilities of the provinces in the economic development of the country, of which they are the main architects.

And then I feel that, while the federal proposals acknowledge for the first time that the provinces have a certain right to direct taxation, that acknowledgment is still utterly inadequate, for the federal government should not dry up the source of that taxation in order to pile up unjustified surpluses.

For these reasons, Mr. Chairman, I will vote against the resolution of the Minister of Finance.

Mr. Caron: Mr. Chairman, I listened very carefully to the wailings of the hon. member for Three Rivers (Mr. Balcer), uttered with the sluggishness of a litany. And, while he was speaking, I was asking myself how it happens that he and his leader are not entirely of one mind.

It is true that the Leader of the Opposition dealt with the question of provincial rights, but was laying stress especially on the amounts of money, as if the amounts of money were more important that the provincial rights themselves. As for my hon. friend from Three Rivers, I grant that he discussed the question of autonomy, that same old story on which they have been harping for fifteen years, especially in the province of Quebec. But he dwelt at some length on the wealth of the federal government. He dwelt on the financial side of the question, and I wonder whether his purpose would not be to sell that autonomy, if the amount offered was high enough to attract his attention.

Indeed, his friends complain everywhere that their autonomy is jeopardized. In what way is their autonomy jeopardized in this resolution?

Now, the first part of the resolution provides:

> A tax equalization payment with regard to individual and corporation income taxes . . .

It is merely an act of distributive justice on the part of the government, which offers to share the revenue it always got and will be getting, even if there were no agreement, with the poorer provinces, in order to help them overcome the difficulties they have to face. It is not a matter of asking whether anyone is happy about it. To establish a certain balance with regard to the provinces who are experiencing very special difficulties from a lack of revenue because they are sparsely populated, or owing to bad soil conditions, or an unfavourable economic position preventing them from developing their farm economy, or their industry as they should be developed—the federal government pays certain sums of money from its regular revenues. This plan seems extremely logical, because the country consists of ten provinces forming a single unit. Now, just as in the human body, the whole body is affected when an arm aches, the same happens in a national body. This is why, in order to make Canada a prosperous country able to play its full part in the world, the federal government has thought of giving some of the poorer provinces some additional fields of revenue, so as to enable them to emerge from their difficulties.

How can this gift of revenues from the federal government to the provinces who need them jeopardize the economy of the other provinces? I know that my honourable friend, who is a lawyer, would have great difficulty in proving before an impartial jury outside of this house that this would in any way prejudice the autonomy of any province. Part of the revenues of Ontario and British Columbia, as is the case for others, is taken, but these two provinces will receive nothing; the poorer provinces will benefit.

With regard to industry, the province of Quebec which occupied the first place in 1939, now comes in fourth place, precisely because of the activities of the friends of the member from Three Rivers, who are now administrating it. The federal government takes pity on the provincial government for its unsound administration of the affairs of the province. The province needs something to get over its troubles.

It may be that the population of the province of Quebec has been deluded. If we made a thorough study of the means the provincial government has taken to achieve its ends we may believe that the population of the province of Quebec has not been deluded but robbed. The hon. member knows the methods which have been used by his Quebec friend.

Mr. Balcer: You remind me of school children. When, during a hockey game among school children, one team is behind 22 to 1, it may admit defeat but says that the referee was against it.

Mr. Caron: The remarks just made by my hon. friend leads me to think that he has not yet reached full maturity.

I wonder if an impartial jury would accept what the hon. member for Three Rivers has just stated, namely that the province has been wronged because the

federal government has decided to make her a gift to enable her to overcome some of her difficulties. For all the parties concerned, it is only an agreement signed between the provinces and the federal government. How could the rights of the provinces be encroached upon if, as a result of negotiations with the representatives of the federal government, the provincial governments finally agree to accept as a fair amount what will be given to them in exchange for certain taxation powers? How can one say that there has been an encroachment upon the rights of the provinces when those same provinces have accepted the agreement? If any province refuses to sign the agreement, if she does not accept it, its autonomy will not be jeopardized. It is contended that so much has been lost due to the fact that the agreement has not been signed, but nothing has been lost if there has been no agreement. It is just like the parable of the vineyard. The worker hired in the first hour received no more than the one hired in the last. However he received just as much. This was distributive justice.

I do not think that the member for Three Rivers is convinced of the truth of what he is saying. The very tone of his remarks demonstrates that fact. He claimed that the premier of Quebec had been ridiculed when he had brought up the subject of autonomy. Well, that is quite possible. We may very well have held him up to ridicule. But he who has always spoken of provincial autonomy has never been able to respect municipal or educational autonomy. More particularly has he been no respecter of the autonomy of trade unions, since he has denied workers the right to think for themselves. We also have the right to criticize the government of Quebec on that score. There are a great many other charges too that we could level at the friends of the hon. member for Three Rivers. During the recent Quebec elections Mr. Duplessis, in his speeches and campaign publicity, claimed that all existing pensions were paid for by the Quebec government, that they were granted by the provincial government, which even added family allowances. Why, the government of the province of Quebec never paid a single penny in this respect. With the help of any advertisement that appeared in the papers, I could prove that the provincial government claimed credit for establishing family allowances. They do not have the courage, nor the honesty, to say that the old age pension for those 70 years old or over is paid in full by the federal government. Let them be honest enough to admit that the federal government pay 50 per cent of the pension for people between 65 and 70. Let them be honest enough, when they request the federal government to respect provincial autonomy, to respect the truth.

Mr. Balcer: No wonder Mr. Lapalme was beaten.

Mr. Caron: I am sure, Mr. Chairman, that the people have realized that the provincial government tried to mislead them. Besides, the hon. member for Three Rivers continues to mislead them by his remarks. He claimed that it took years and years to get a railway line in the Lake St. John area. That line was approved as soon as it became necessary. Surely, the federal government was not to build a railway when there was no need for it or when eventual profits did not justify the undertaking.

Obviously, he has nothing but criticism towards this government as regards the port of Three Rivers. The board responsible for the administration of that port, an independent body, promised to reorganize the port of Three Rivers when the need is felt, if there is an increase in the number of industries. But that is not what the hon. member for Three Rivers wants. He would have the government venture into an undertaking without considering all its aspects. The hon. member for Three Rivers says to the people of Quebec that, when a reduction of income tax is requested, the answer is that it cannot be granted because of national defence. No one can deny that the problem of national defence is paramount.

Canada, like the United States, Great Britain and every other country in the world, feels that this is a problem of the greatest magnitude. We know that the threat of war continues in the world, and that as long as it does all governments will continue to prepare to defend their rights and liberties. The government, along with every other government in the world, is working for national defence and striving to ensure that the hon. member for Three Rivers retains the right to speak as he has just spoken in this house. And this will hold true as long as this threat hangs over the world.

National defence is, at the moment, a necessary evil. If we wish to continue to live in peace in this country we must remain prepared. As the Latin proverb puts it, he who wants peace must prepare for war. The United States are spending enormous sums in this country to help us in defending the continent, since Canada is far more vulnerable than their own land.

Is not France obliged to spend huge amounts for its defence? It is the same thing in Great Britain, the same thing in Italy, the same thing again in every democracy in the world.

The hon. member for Three Rivers is ill-inspired when he is blaming us for doing what every NATO country is doing.

At any rate, I have more confidence in the opinions of our Secretary of State for External Affairs (Mr. Pearson) and our Prime Minister who are in a position to get all important and valuable information, than in the lucubrations of the hon. member for Three Rivers.

The government of the province of Quebec should stop recriminating; it should stop indulging in petty politics and the like; it should stop destroying in order to try to lift itself up. The hon. member for Three Rivers should stop his demagogy.

The Ottawa government is proposing sound and wise measures, such as to help the provinces to solve their problems. As far as I am concerned I support the federal government in everything it is undertaking with a view to helping the provinces to lead an easier life and to meet their needs.

(Text):

Mr. McLeod: Mr. Chairman, I feel rather hesitant in rising to my feet after the display of emotional oratory we have just heard. I do not blame the hon. gentleman a particle, because this is something which should arouse deep feelings. My only regret is that I will not be able to do justice to it. What the minister said in introducing the resolution did not salve my feelings a particle when he used phrases such as "implement the offer." That is good proof of what we claim this to be, that it is nothing less than an offer by the federal government to the provinces and is not anything in the nature of an agreement as we are given to understand it is.

Then we heard the phrase "allow the provinces." That is another phrase I do not like. I do not think it is up to this central government to allow the provinces any rights so far as taxation is concerned. These tax rights were granted to them many years ago when this confederation was first born, and I do not think phrases such as that help to ease a situation which to say the least is packed with dynamite.

Those speakers who have spoken thus far have certainly covered the ground quite fully, and it is rather hard to find something new to bring up. The Leader of the Opposition did a splendid job this morning in outlining the general principles on which our opposition to the bill to follow this resolution should be based. The resolution states:

> That it is expedient to introduce a measure to provide that the Minister of Finance may pay to a province, out of the consolidated revenue fund—

I do not like that "pay to a province, out of the consolidated revenue fund." I should like to ask a question. Where does the money come from that is placed in the consolidated revenue fund? Is it not money that has been collected from the various provinces and the people who reside in them? A sentence such as that would give the impression that a dole is being handed back to the provinces from this general revenue fund. It may be a payment from the consolidated revenue fund, but in my opinion it is nothing more nor less than a refund of a small part of the money the central government has collected from the provinces.

Then we come to paragraph (c) of the resolution, which says:

> (c) a tax rental payment in accordance with a tax rental agreement that may be entered into by any province as an alternative to levying such taxes on its own behalf;

There is talk there of an agreement, but from what we can gather from the expressions of opinion in the different provinces from one side of Canada to the other it is very doubtful if there will be any agreement. If an agreement is made, how has it been reached? Further, I cannot see any possibility of this being anything more than a one-sided agreement to which the federal government alone agrees. Then why the rush in introducing this legislation at the present time? Why not wait until there is an agreement?

I wonder if there is any sinister motive, such as the idea that the central government can go to the provinces, once the bill following this resolution has been passed by the house, and say, "This is what has been passed by the parliament of Canada. It is up to the various provinces to attach their signature to it in order to close out what has been approved by this parliament as representative of the people." I think possibly that is the principal motive, in order to strengthen their hand in the forthcoming settlement which, at the present time, is very far off. I do not like this idea of the strong voice or playing from strength in so far as the central government is concerned.

The increasing authority this government are placing in their own hands is, step by step, vesting in this government the sole right to tax. There have been various other infringements of provincial rights which we have seen during the past few years. We are all well aware of the old saying that the right to tax is the right to govern, and what will follow this measure will certainly take away from the provinces the right to tax and substitute therefor the right of the federal government to perform all functions. There is also an old saying that whoever collects and handles the money will want to call the tune.

Now that the right of taxation is being delegated to the central government, where are the rights of the provinces? What has become of provincial autonomy about which we heard so much? This whole problem, Mr. Chairman, of federal-provincial relations and it is a problem—is to my mind being approached in the wrong way. In my opinion the provinces of Canada should be calling this conference and not the central government, just as at the time of confederation it was the provinces which called the conference to set up this central government. It is from the provinces of Canada that this central government receives its authority. I maintain that this still is an institution, and should always remain an institution, to carry out the wishes and the will of the provinces of Canada and the people who live in those provinces.

I agree that it is sound policy to have one collection agency. The way to have that agency set up would be for the provinces and the federal government to get together and work out some plan for the collection of these taxes through one central agency. Instead of that, at the present time we have the central government saying in effect, "We have decided that we shall collect all taxes on a national basis for the next five years, and we shall pay you a small percentage of what we collect in the provinces. A formula has been arrived at. We have carefully figured this out. If you want to accept it, it is there for your signature. It is our only offer, so take it or leave it".

Where is the idea of confederation about which we heard so much in the early days when this country had its birth? I am satisfied that if those statesmen who gathered around the conference table some 89 years ago—Macdonald, Brown, Tupper and Cartier —could see the turn events have taken since their day they would not be too well pleased. What would they think of the central government imposing its will and authority upon the provinces which they were so careful to agree should retain autonomy within the federation?

When a conference is called, it should be called to consider this whole problem. I believe all the provinces should be given an opportunity to lay their cards on the table. They have their problems. They have revenues to find to cover such things as health, mental institutions and so on. They need money for universities and technical training, a serious problem which was raised here today. They need money for roads, bridges, public buildings and all that sort of thing. Why not have all the authorities get together and lay that information on the table, then come to some kind of an agreement? It could be a tax rental agreement, or whatever you like to call it, and these points could be considered. We could work in harmony and close co-operation in the setting up of this single agency for the collection of taxes, but we should see that sufficient was left in the coffers or returned to the coffers of the various provinces in order to take care of those things I have mentioned.

It is not only the poor provinces but some of the wealthiest provinces that are having considerable trouble financing the increasing demand for services. This is a nation-wide problem which extends right from the Pacific to the Atlantic. It is not only in the federal field that the cost of government has increased. In fact we find that the increase in the cost of the federal government has been much less than for provincial and municipal governments.

For instance, in 1945 the expenditure of the federal government was $4,527 million. In 1955 it was $4,733 million, an increase of 5·5 per cent. In 1945 the total cost of the provincial governments across Canada was $384 million. In 1955 it had risen to $1,505 million, an increase of 293 per cent. Just think of that. In 1945 the municipalities, Mr. Chairman, had a total cost of operation amounting to $344 million. In 1955, 10 years later, it was $1,293 million, an increase of 276 per cent.

These figures show that we have federal increases in the cost of government of 5·5 per cent, provincial increases of 292 per cent and municipal increases of 276 per cent. This is something that must be given very careful consideration. Under the staggering costs these figures show, what can the provinces and municipal tax collecting agencies do when they find that their fields of taxation are being encroached upon by the federal authorities? They might well ask themselves, where is this money to come from?

There is one field of expenditure in my own province that I should like to spend a few moments on, and that is the matter of roads. The government of British Columbia has set up a five-year program for the building of roads into forest areas known as public working circles of that province. In the next five years they are committed to build 1,460 miles of roads. The total cost of those roads is going to be $41,350,000.

It is true that the British Columbia government will get some revenues from the forests that are tapped by those access roads, but what about the huge taxation that will also accrue to the federal government through access being provided and those areas opened up? It is estimated that in the area which

those roads will serve there will be a yearly take from the forest of $64,787,916. The total for the five years is estimated to be $323,939,580. From that staggering amount, Mr. Chairman, the central government is going to collect, by way of income and corporation taxes, a huge amount of money; yet in opening up those areas not a five cent piece will be given toward the staggering cost of $41,350,000.

Then we have our arterial highways and bridges. For these they have set up in the province of British Columbia a 20-year program. There are yet to be built 2,086 miles. The estimated cost of that program is $397,500,000. In that 2,086 miles are included 350 miles of the trans-Canada highway. The central government is contributing toward that. I am very glad to say that road will go through the most expensive area of British Columbia, so far as road-building cost is concerned, and I think a very wise decision has been made in that respect. There we have an outlay on arterial highways of $397,500,000 for the next 20 years.

But that is not all. There are also other, what we call in British Columbia pioneer roads, opening up new areas in the north and districts that have not yet been reached by highways. That mileage cost in the next 20 years will be $498,500,000 and the number of miles will be 3,530. If we add these together, Mr. Chairman, we find that for the next 20 years the province of British Columbia is faced with an annual cost of $44,800,000. That is the cost at present.

Those new roads that are being built into the undeveloped areas will tap the forest resources, the mineral resources, the gas and oil resources of the north, and the new agricultural areas. It is true there will be some wealth accrue to the government of British Columbia, but at the same time millions of new money will find its way into the treasury of the central government as a result of the opening up and the development of those areas, yet of the expenditure of $44,800,000 annually not a five cent piece will be contributed by this central government.

Then, of course, we come on down to what we call our country and feeder roads. I have not the figures on these, but I know it is a staggering amount. Of course that is something that is the problem of the municipalities and the smaller local governments of the province of British Columbia. I think it is only right that in arriving at any agreements with the provinces items such as these should be given consideration and should be taken into account.

I agree there should be a plan to assist the so-called have-not provinces, but this should be done by building up the poorer provinces, not by tearing down the standards of the wealthy and more industrialized provinces. The old socialist slogan, even accepted by some today, and voiced in parliament since I came here, is that in order to make the poor richer the rich must be made poorer. This is just as outdated as socialism itself. It is not right that in this modern age, in approaching the question of balancing the standards of living, you might say, among the provinces, this same method should be followed. It is certainly not the ideal of free enterprise which we in this country profess to believe in; yet in reaching an agreement such as we have before us at the present time that is the system which is being used.

To back that up I should like to read a paragraph from the brief presented by the province of British Columbia on federal-provincial fiscal relations, just to show the committee that this is not my idea alone:

> British Columbia has constantly advocated financial assistance to provinces in depressed economic circumstances, but there is a vast difference between one method of securing greater equality and another. One way is to level up; the other is to level down. One way is to raise the real income of the worse off without endangering the standards of living of those with special abilities who have the means to provide greater awards. The other is to deprive this group of the gains which would accrue from ability and potential worth.

Yet that is the policy which is being adopted by the central government in their approach to the problem we are considering at the present time. We believe that where there is criticism there should be some suggestions. I do not think it is right and correct for a person to stand up and tear down unless he has something to offer in return. I should like to present two or three suggestions for consideration. First, with respect to this resolution, I would like to see the whole thing done away with except the last line, which reads:

> To authorize tax collection agreements with the governments of the provinces.

I would say the only way to arrive at such agreement is for them to gather around a conference table and sit there for days and weeks if necessary until an agreement is reached. Second, immediately call another conference with all the provinces and give sympathetic attention to the varying needs of the provinces, and careful consideration to all problems that are in the national interest such as education, health, highways, highway transportation and development of natural resources that are in the national interest. Third—and this is the most important; it is the environment under which these agreements are reached—endeavour at this

conference table to create a spirit of co-operation and let the provinces know that the spirit of confederation is not dead; that there is still such a thing as provincial rights, and that the federal government exists for the sole purpose of discharging the duty of administering the affairs of Canada in the interests of all the people of Canada and of all the provinces of Canada in which those people live.

Mr. Montgomery: Mr. Chairman, like other hon. members who have spoken to this resolution I too am greatly interested in the legislation. As the minister said this morning in his opening remarks, we all know pretty much what it is going to contain. I was rather hoping he was not going to make such a definite statement, that an opportunity would still be left for bargaining and that it would not appear that an agreement was going to follow as a result of the legislation from which rightly or wrongly one gets the impression that the government is saying, "We will offer you this and if you do not like it you do not have to take it".

That just does not seem to me to be the way an agreement should be arrived at. An agreement is usually arrived at through a meeting of minds, and each party has an opportunity to present his views. I do not mean to imply that the provinces were not given an opportunity to discuss the matter, but from reports of the conferences that were held I cannot help but gather the impression that while the provinces were permitted to put forward their cases, their formulas and problems were not given the consideration I feel they should have been given because—and this is the ground on which I base my statement—if the provinces' propositions had been given consideration I do not think the premiers and officials of the provinces would have returned home and said that the offer which the Prime Minister submitted in his letter of January 6 was not sufficient to meet the needs and carry out the services of the provinces, which are fair and reasonable under the Canadian standard of living, or words to that effect.

The resolution itself, of course, is leading up to enabling legislation. I do not think there is any reason why it should not be brought in at this time. I do not agree with one of the speakers who suggested that the legislation should not be brought in. I can see no reason for not bringing it in, because it is enabling legislation. It seems to me, however, that the government should convince us that they are going to be fair in the agreements they present, and will give the provinces a fair opportunity to present their cases if they want us to support this resolution. The government should assure us that the views of the provinces will be considered and that through negotiation and by compromise something will be arrived at that is satisfactory to at least the majority of the premiers of the various provinces. As I understand the situation as it exists today, they are not satisfied.

Perhaps I could just digress for a moment. This whole matter arose in the dark days of the war when it seemed right for all the resources of this country to have been concentrated in a central authority in order to successfully prosecute the struggle in which we were then engaged, which was a life and death struggle involving Canada and her allies. At that time the provinces and municipalities under the agreements entered into were guaranteed as much as they had been collecting up to that time. During the latter years of the war and up until 1946 or 1947, when the agreements ran out, the people became accustomed to the system of single taxation. In many cases the provinces did away with the administrative machinery they had used to collect revenue, and as I said the people became accustomed to the single taxation system. In effect I think it was more equitable. I feel the central government has a better and fairer method of collecting income tax and succession duties, because it is sitting here like the head of a family. I believe it is true that the people would rather pay into one treasury than into several.

One opinion was extremely well expressed by Mr. Matheson, the premier of Prince Edward Island, during the negotiations last fall among the various governments. I am going to quote his words, because I think he expressed the feeling of the maritime premiers and the people of those provinces concerning the renewal of these agreements at the end of the war. This is what he said:

> In 1946 we—
>
> Referring to the provinces.
>
> —accepted the tax rental agreement offer—

Notice that, "the tax rental agreement offer". You cannot get away from the idea, whether or not it is correct, that these have been offers, which have been presented to the provinces by the federal government, which has said, "That is all we can do; take it or leave it." Mr. Matheson said they accepted it:

> . . . not because it represented some recognition of fiscal need but with a hope that during the lifetime of that agreement a more satisfactory formula would be devised. In 1952 the federal government proposed a new guaranteed minimum payment based on the one allotted to a province under the 1947 agreement with an increase proportionate to change in provincial population and per capita gross national product between 1942 and 1948.

He continued:

> No recognition of a province's fiscal need problem or its tax-raising ability was taken into consideration in the reallocation or distribution of the tax moneys, but the same old factors were again used in the formula—the gross national product of Canada and the population of the provinces.

He concluded:

> One of the principal functions of the tax rental agreements was that they were to ease the finances of the provincial governments possessing the lowest fiscal capacity.

Rightly or wrongly I believe that was the principle that was supposed to have been followed under the tax rental agreements from the beginning. The underlying principle was to make it financially possible for provinces whatever their tax base to carry out and perform their constitutional functions, and to provide a reasonable level of provincial services without abnormal burdens of taxation. This includes the province's responsibilities to the municipalities.

That brings me to another point I should like to mention. It has been stressed a great deal by all the speakers today, but I should like to say something further about it and I hope to approach it from a different angle. You may say that I am municipal minded. You may think I am altogether wrong. Perhaps I am; nevertheless I have views, and I know they are shared by many others.

The municipalities must be kept in mind when these agreements are entered into. With all respect, it seems to me that these negotiations between the provincial and the federal authorities have started from the wrong premise. I shall try to explain that. It seems to me that the governments have approached this from the top and gone down. To me the proper method of approach in arriving at any agreement which is going to give the people any relief from taxation and a fair division of the tax moneys collected from the people of this country is to start at the bottom.

It seems to me the first thing that should be done is that the provinces should be asked to lay before the federal authorities the requirements of their municipalities in so far as the real necessities that must be furnished by the municipalities to the people are concerned. We are all very familiar with those services which are the primary responsibility in so far as the taxpayers in our communities are concerned; education, hospitalization, roads, streets, water, sewage disposal, police and fire departments, and to a large extent the administration of justice. Those are essential services. I think the people of Canada have a right to expect a certain level of those services all across this country under our constitutional set-up. I believe that has been brought out more than once by various commissions.

Therefore I am sorry I cannot agree with my hon. friend from Charlotte. I do not think the people are going to be satisfied, and I am very mild in that statement; because I feel, and a good many of us feel, that we in New Brunswick and in Prince Edward Island and in Nova Scotia deserve just as good schools, and our teachers should be paid just as much money; we should receive just as good equipment; our young people getting an education should have the same privileges as they would have in Ontario or any other province where they have a much broader base on which to assess. In a province like one of those in the east, the federal income tax people collect our income tax, which seems to come first; the corporations have to pay corporation tax; and the estates have to pay succession duty tax. Of course that does not come into municipal matters.

But take the municipal tax collector. The municipality has to assess for those schools, for the buildings, for the teachers, for the equipment, for the transportation. They have to find ways and means of getting that money, and the money must come from earnings. Earnings will depend very much on the type of industry in the locality. In our province we have to resort to poll taxes, which some provinces do not have to resort to. We have to resort to personal property tax in order to raise money locally to provide the best service we can in the way of education, hospitalization and these other services.

In rural municipalities it used to be that education did not cost very much. In fact I remember quite well that even in the period after the war the cost of running the schools in the municipality where I used to live was in the vicinity of $60,000 to $70,000. Last January the budget presented to the municipality for the same area was over $400,000. Even though, as Premier Matheson has said, the dominion did not take into consideration the fiscal needs, they may not have been impressed upon the federal authorities in 1946 because the period 1946-47 was when these costs commenced to rise. Prior to that, as I have just pointed out, the cost of education was rather a small item. It has kept going up until now it is a very large item. Still we have no more resources to tax. Our tax base is very narrow. Once the income tax is taken and the corporation tax is taken, we have to look to the province for the balance.

I am not going to criticize or brag about what our province has done. I am not familiar with what others have done, but I know,

because I have been connected with municipal governments right along, that our province has increased grants to the municipalities by a very considerable amount. As my hon. friend from Charlotte says, percentagewise it has not increased so much. I have no complaint about that, but they have received enormous sums. The point is that everything else has increased. The province has to spend more money on other essential services, and the revenue is taken up in meeting those other services.

That brings me to another point which I think should be mentioned. I notice that in that report there is an extensive list of services rendered by the dominion and the provincial governments, services in the fields of health, welfare, and education to some extent but not in the most necessary fields of education; it is for vocational training mainly. Then there is the field of agriculture and the field of national resources, for which there is quite an extensive table. However, what the provinces have to do is to meet those services dollar for dollar. I believe most of them are essential, but I feel that some of the services in that list, which the federal government has been offering to the people through the provinces on a share basis, are not as essential as education, health and justice.

There is another point I should like to mention. First, I claim that this federal authority and the provincial governments should find out the essential needs of the municipalities to provide at least the minimum service at the level of what we might call a Canadian standard of living.

Second, I think there should be an investigation into the essential provincial services that have to be rendered to the people in order to keep the province abreast of what the people expect by way of roads, bridges and various other things. I know we have a tremendous number of bridges in my province, and it is very expensive to maintain them. In addition, so many of the old roads are narrow. Demands are made for wider roads, and we also have heavier equipment using our roads today such as buses, trucks and so on. These are all essential provincial services.

Having established these minimum essential services, I claim that the federal government should then commence to consider what their minimum requirements are. After all, there is only one source of taxation and it is very foolish for two or three governments to try to see which one can get there first or get the most. I think it should be a sensible thing to sit down and say that those are essential, those are essential and we have certain other essential services. But after sitting here for four years and looking at some of the estimates I am satisfied, and I cannot be convinced otherwise, that the government can tighten its belt and furnish the essential services that are required with a lot less money than is being spent now.

There is one other factor I wish to mention. Industries from which income taxes and other revenues are collected settle in a municipality and the first government they contact is the municipal government. I know that the practice to which I am about to refer has been carried on over the past years and I know that, rightly or wrongly, it is still going on. I do not say it is right and I would not be surprised if the Minister of Finance said it was not the fault of the federal government and that it was wrong in principle. However, the fact is that when an industry settles in a municipality it immediately approaches the municipal governing body and asks for tax concessions. In many instances those concessions have been granted by municipalities in order to encourage industry to settle there. They have been granted in order to assist industry to get going.

But after they have got started, are doing well and are progressing, who gets the first returns? It is the federal government. They get them through corporation taxes and through income tax paid by the people who work in those industries. Then the municipality, which has to furnish the services for the industry, has to tax the land and the people. The municipality has to come second. As all members know, there is a limit to the extent to which you can assess real estate in the form of land; and I say without fear of contradiction, and I know hon. members from the province will support me, that in my province the municipalities have reached a point in taxing real estate beyond which we have no right to go. In fact it is a point beyond which it is not safe to go, because the people cannot afford to pay more taxes and retain their real estate. It will be cheaper to let the municipality take it.

These tax concessions are a fact and I think they should be taken into consideration when negotiations are being carried on between the provincial and federal authorities. In some instances the municipal authorities grant tax concessions to industries extending over a period of 20 or 25 years in order to keep the industries there, and during that period the municipalities fail to realize revenue from them. Rightly or wrongly, it is a fact and it should be taken into consideration.

I say again that I feel we start at the wrong place when we start at the top and go down. It seems to me that is exactly

where these negotiations have been starting. The federal authorities figure out how much they must have to maintain their services, and then they say there is only so much left. Education, health and the administration of justice are three things that take a lot of municipal revenue. In case some of you do not know, may I say that it is surprising how much a municipality has to raise for the administration of justice in order to furnish the buildings and provide other things. As I say, I do not think these three things should have any boundaries.

I think every child and every other person in Canada should have an equal opportunity to acquire an education. Under the framework of our constitution this responsibility of course rests upon the municipal authority. That is why it seems to me that in all fairness we should find out what the essential services are and how much money it is going to take to provide a reasonable standard of education, a reasonable standard of health and a reasonable standard of justice throughout the nation. That would be one place to start.

I think there is a good foundation to be found for this argument in the past, and also good reason for us to be talking about it today. Reference has been made once or twice to the Rowell-Sirois report. There is a quotation from that report which seems to me to be applicable. It is to be found in chapter 5 of book 2, and has to do with adjustment grants about which I intend to say something later. It has this to say:

> They are designed to make it possible for every province to provide for its people services of average Canadian standards and they will thus alleviate distress and shameful conditions which now weaken national unity and handicap many Canadians. They are the concrete expression of the commission's conception of a federal system which will both preserve a healthy local autonomy and build a stronger and more united nation.

That brings me to the second part of my remarks. According to the premiers, and they should know best, these agreements are not sufficient to bring the people of the provinces up to the standard of living which I think Canadians should expect. As a matter of fact I do not think they measure up by any means to the declaration of the Prime Minister when he set out what he thought—and I agree with him—was the intention of these agreements. His remarks are to be found in one of the letters and are set out at page 747 of *Hansard* of January 31, 1956. I think this is a declaration which should be lived up to, and if I felt it was being lived up to so far as the provinces are concerned I could very readily support the legislation that will follow this resolution. He said:

> The present government has no intention of abandoning the objective of the tax rental agreements which is to make it financially possible for all the provinces whatever their tax base to perform their constitutional functions themselves and to provide a reasonable Canadian level of provincial services without an abnormal burden of taxation.

That is in line with the Rowell-Sirois report; it is in line with what I said at the beginning I thought the idea was when they started out with these agreements. I think the agreements have been a good thing, and I think the maritime provinces want these agreements renewed. As a citizen of one of those provinces I believe it is far better to have agreements than to be compelled to go back into these fields of taxation, because we have such a narrow tax base.

We have no resources to tax, that is as yet. Unless the principle which has been recognized has been carried out, we will be faced with difficulties. In order to carry that out it seems to me that you have to go right back to my suggestion. You have to find out how much is required by the municipalities for education, hospitals, streets, roads, fire protection and so on. You have to find out what it is necessary for the provinces to do. When that has been arrived at—and there may have to be some compromise but I think it can be worked out—you have a point at which to begin. It seems to me that it could not have been approached from that standpoint or we would not have had all our premiers dissatisfied.

There is another situation we have in the maritimes which in my opinion does not apply in some of the other provinces. We were the original partners in confederation, and as was stated in the Rowell-Sirois report succession duties, income tax and corporation tax were considered as national taxes which should go into the national revenue. I agree with that. I believe the central authority can do the best job of collecting; but just because it can do that job of collecting, just because it got into that tax field during the war and finds it is a grand place to get money, is in my opinion no reason why it should want to hang on to it. I submit the provinces must be given sufficient so they can provide a reasonable Canadian level of provincial services, as set out in the Prime Minister's declaration. The formula which I understand will be incorporated in the legislation to follow is not going to do that.

Therefore I cannot see how I can support this legislation or any legislation that follows unless I have some assurance on behalf of my people that we are going to have sufficient money out of these agreements to permit us

to provide the same level of services which the richer and more fortunate provinces can provide. There are one or two other things I wanted to mention, but I believe my time is up.

Mr. White (Middlesex East): Mr. Chairman, I rise to take part in the debate on this resolution tonight because the municipalities in the county which I have the honour to represent are finding that the revenue they are able to collect from real property is not sufficient. They are taking all they feel they can take, and the squeeze is getting tighter and tighter because of the increased need for new surveys, roads, bridges and educational facilities.

I do not propose to go into all the details of these agreements which have been brought out today, as I think they have been covered pretty well pro and con, nor do I propose to go into their history. I well remember that in 1945 one of the things I was asked to digest was the Rowell-Sirois report. Even to this day I have not been able to take in all its ramifications. However, I do propose to bring to the minister's attention some of the things which are happening in the municipalities. I mention the municipalities particularly because they are less able to expand their tax base than either the provinces or the dominion.

I would point out that no government can give anything until it takes something away from someone. While there may be three different levels of government doing the taxing, there is still only the one taxpayer, the one source of income. I think it was pointed out quite well today that the responsibilities of the federal government have been expanded and extended since the close of the war. No one can question the increased amount of social services which have been asked for, no doubt with more to be added. No one can question very much our expenditures on national defence. I think everyone is worried about the future as far as national defence is concerned, but I do think we have less to show for our national defence dollar than for any dollar spent by the municipality. I believe the municipality can show more for its tax dollar than any other taxing authority in the country.

We must consider the tax revenue which the municipalities receive and compare it with the services they provide in the way of education, roads and other things. I have here a breakdown of what one municipality does with the money it collects. Another thing we must realize that is out of every tax dollar collected, only 11 per cent is used by the municipality. That should make us wonder that they are able to do as much as they do with the little they get.

In the case of the municipality in which I live, 25 per cent of its tax dollar goes to the county; 45 per cent is used for schools, and only 30 per cent is used for township purposes. They have very little to use of the tax dollar they collect after the schools have taken 45 per cent and the county another 25 per cent.

People think rigid economy on the part of the federal government could provide some saving, but I suppose the minister will ask me where they should start. I find that with an election not too far away surpluses are piling up. Probably that is not attributable so much to the government's good housekeeping as to the increase in the gross national product which has taken place.

As I pointed out in the beginning, the municipal governments are really the weakest. They are not able to expand their tax base, nor are they able to demand from provincial or federal governments a much greater share of the tax dollar. The situation has become so serious in some municipalities that they are discouraging the opening up of new subdivisions and that, in a sense, is rather serious. These municipalities feel that for the time being they had better consolidate their position and let some other municipality take the influx of population and also carry the burden so far as schools, roads and other services are concerned. As the hon. member for Victoria-Carleton so ably pointed out, the municipality has to take care of education, streets, hospitalization, water supplies and sewage disposal. Those are only a few of the items.

When it comes to the question of water in southwestern Ontario, we are almost surrounded by the great lakes but the water supply problem is quite acute. The water resources committee of the province of Ontario is trying to aid the municipalities in securing water supplies in a co-operative way, in order that many municipalities can take advantage of the abundance of water that surrounds them. Then there are other municipalities which, in a sense, are stealing water right from under another municipality and selling that water back to the same municipality. They are also dumping the water back into the municipality in the form of a kind of diluted sewage, to the detriment of the neighbouring municipalities along the rivers or streams of the province. Municipalities are hesitating about installing improved sewage disposal facilities because of the tax rates. They realize that when these additional improvements are made, the tax rate must go up.

There is another aspect of the problem of which all levels of government should not lose sight. When taxes are imposed on a land owner, he cannot pass them on to anyone. The taxes at other levels can become part of the cost of doing business, and they also become a part of the cost of goods that go into the export market. When the level of taxes becomes too high we find ourselves in a difficult position. I realize, of course, that taxes only become a small part of the cost of manufactured goods, but they are a part.

Now, I do not suppose anyone realizes the impact of all these problems better than the reeves and mayors of the various municipalities in the province. I do not intend at this time to go into the details of the various resolutions the reeves and mayors have placed before the various governments, but they are the ones who are closest to the people and their resolutions should be seriously considered.

There has been considerable said in the press and other places about United States investment in Canadian resources. I am just going to digress for a moment to point out that if more of the Canadian taxpayers' earned income were left in their pockets, more Canadian dollars would be available for investment in Canadian resources. I want to point out also that the federal government should be exemplary in its own tax-paying policies. The percentage of tax the federal government pays on its property should be 100 per cent, not a percentage depending on the concentration of federal properties in any one municipality. The federal government, in my estimation, should be in no different position from the ordinary taxpayers in this country. Why should they be in a preferred class? Some time ago there was a reference in the newspapers to a municipality on Manitoulin island that was threatening to sell some government property for taxes. I have not heard anything about it lately, but probably the minister will say something about it when he replies to the various criticisms that have been hurled at this resolution.

Mr. Harris: Don't base your case on that one.

Mr. White (Middlesex East): I mentioned earlier that it seemed strange how surpluses develop about the third or fourth year of any parliament. However, I have noticed that the surpluses are never used to alleviate the problems of the municipalities. The government always seems able to find what appears to be a better use for the money. I think it was back in 1953 or 1954 that the federal government took in by way of taxes about $4,500 million, or 67 per cent of all the tax moneys paid. In the province of Ontario the province got about 20 per cent, and the municipalities $900 million or 13 per cent. I understand that over the years the municipalities' percentage has been reduced to about 11 per cent.

I have some resolutions from some municipalities in the province of Ontario dealing with this question of dominion, provincial and municipal share of taxes. This is a resolution from the city of London, dated May 14, 1956. It says:

> Whereas the last quarter century has seen great changes in the living standards of the people of Canada;
>
> And whereas these changes have increased the variation in the personal income of the citizens;
>
> And whereas the increased standards demand more and more public services both material and cultural;
>
> And whereas the municipal governments are asked to supply many of those services from taxes based on values unrelated to modern incomes;
>
> And whereas the municipal percentage of the total taxes paid has dropped from 29 per cent to 11 per cent despite the fact that mill rates have increased while provincial and federal rates have decreased;

Those are the factors presented in the resolution to bring to the attention of the authorities the plight of the city of London and the municipality of Long Branch near the city of Toronto. Last year the city of London paid $150,000 in sales tax to the senior government.

I just want to read one paragraph of another resolution of May 24, 1955:

> And whereas this problem has been drawn to the attention of the dominion government on many occasions and, notwithstanding assurances that the submissions of this and other municipalities would be studied during the preparation of the annual budget of the dominion government, no action has been taken to afford relief to the municipalities of Canada by way of exemption from sales tax.

Here is one municipality that pays $150,000 in one year into the coffers of the government. I suppose the minister will reply by saying, "Well, we have to get the money somewhere", but it seems to me that this is a type of, shall I say, double taxation that puts an unfair burden on the home owner in the municipality.

Let me read one paragraph from the submission of the city of Fort William:

> The high cost of financing capital improvements is threatening and seriously curtailing the expansion program of many municipalities in Ontario.

Then the survey commenced by the United Nations has this to say:

> Wages, salaries in Canada rose 4½ times, 1935 to 1952, and government spending six times.

Therefore the actual squeeze of taxes becomes greater and greater as time goes on.

Then the minister will recall that very recently the president of Stelco had this to say. I can remember when they were talking of taxes to control inflation. They were going to draw off surplus purchasing power in the hands of the consumers, but the president of Stelco does not go along with this idea. He said:

> It is difficult to understand the argument that high taxes curb inflation, H. G. Hilton, president of Steel Company of Canada Limited, said today at the company's annual meeting.
>
> "What difference can it make as far as inflation is concerned," asked Mr. Hilton, "if we as individuals spend or save our money as we see fit, or if our governments take it from us and spend it as they see fit?"

I think that answers in a way the claim that governments are taxing to help control inflation. In a sense it sometimes adds to inflation.

Along with other hon. members who have taken part in this debate, I was hoping that out of those conferences that have been held and the many things that have been said about them pro and con, probably some equitable solution to the problem would be found; and I think we shall hear more and more of this as time goes on.

Mr. Michener: Mr. Chairman, at this stage in an 11-hour day I daresay that the keen edge of the minister's mind and his receptivity to suggestion or even to constructive criticism are somewhat dulled, so I shall begin by giving him the best of my thoughts on his resolution and save perhaps the more critical remarks for the morning.

It appears to me that the principles on which the minister justifies the resolution in the addresses he made on it are principles which everyone would accept. Perhaps the difference will be in the application of those principles. I refer to the first of those basic considerations for which he was striving, as enunciated in an earlier speech, and that was to make revenues available to the provinces consistent with their responsibilities. I am sure that is what every member of the house wants to secure by any federal-provincial arrangement, an assurance that the provinces will have the means of carrying out their responsibilities.

Then the next principle was that of maintenance of full employment. I think the minister said maintenance of a high level of employment. That is a theory that was raised with very considerable enthusiasm by all governments and parties some years ago and subscribed to with a great deal of zest on the hustings and in the House of Commons; and it is, of course, a much to be desired end.

The third reason behind this scheme of federal-provincial agreements was that of simplicity in collection, which all taxpayers appreciate; and equity, I think the minister said, to the taxpayer. I daresay the ends which he would define as being his ends are those that I myself think are desirable; that is, a strong central government with adequate resources to carry out its obligations, and strong and independent provinces with adequate resources to carry out their obligations. The real problem is how to achieve both of these results in an effective and harmonious way. I suggest that the basic test by which this resolution should be judged and by which the bill should be analysed when it comes before the house is whether it does tend to the maintenance of the confederation, of the federal principle of government.

Some people may ask, why should we maintain the federal principle of government? I do not think the minister is one of those. All of us recognize that times change and that there is a need for change in any constitution or in any system such as our federal system, and that from time to time there is a shift in emphasis with a change in the economy. Therefore since 1867 we have seen a great many conferences just like the one which recently concluded. I think there have been 17 interprovincial and federal-provincial conferences in all, and if one counted the conference which began on July 9 in the Atlantic province, the conference among the four premiers of the Atlantic provinces perhaps we could count 18. They have been ample proof of the need for reconsideration of the basis on which responsibilities and revenues have been adjusted in our federal system.

But the basic factors which were present in 1867 are as pressing and vital today as they were then. I think those factors are that Canada is a country of two races, two languages, two cultures; that there is diversity, and there needs to be local government to satisfy the needs of diverse groups. There is in addition the diversity of our geographical location and division, which does not need to be recalled to this house because it has often been mentioned. Those diversities are as real as they were then and need recognition today as they did in 1867.

The problem is to create unity in the face of so much adversity, as has been said by Professor Corry of Queen's University in a very apt phrase. While a substantial part of Canada desires local autonomy—and there is no question that the substantial part of Canada does desire local autonomy—it is clear that the federal system has not outlived its usefulness and is the only means

by which we can achieve unity in this country. I think no one who speaks the French language would deny that over 30 per cent of Canadians ardently desire the right to be different. That seems to me to be the conclusion of all sound opinion; therefore, as I suggest, it is the basic test which should be applied to this resolution and to the bill which is to follow it.

There are two aspects to the resolution which the minister has presented, and they are separate, distinct and different in principle. The first aspect is that of the division of taxing powers, and you might call that the arrangement for the renting of tax fields or the sharing of tax fields, depending on where the emphasis is put. The emphasis has shifted since 1946. In 1946, when Mr. Ilsley introduced his budget after an unsuccessful attempt to reach an agreement among the provinces, the emphasis was on the central authority renting from the provinces their major tax fields; and those tax rental agreements which were entered into by most of the provinces at that time gave way in due course to a further series of agreements with a slight shift in emphasis. Now in 1956-57 the agreements are running out and a new arrangement must be found.

Despite the fact that these agreements have not met with acceptance by any of the provinces I think it is fair to say there has been decided progress in the approach the minister has made and in the ingenious development of the theory which has been developing over the course of 10 years. I would like to acknowledge the ingenuity and skill of the members of that great department of government who have devised the new formula.

The improvement which I acknowledge tonight and suggest exists here is that there is now greater evidence than there has been in the past of a desire to share those fields which are the property of both the provinces and the dominion. The emphasis in the past has been more on keeping control of those tax fields by the dominion and paying the provinces some subsidy by way of rental for the use of the fields, but one can see here that there has been an effort to achieve a balance between the two ideas of the rental of the tax fields to the federal government and the joint occupation of those tax fields or the sharing of them between the two levels of government.

The other aspect of the proposed agreement is that of subsidy, and it takes its form here in equalization payments. That is not a new idea, as I shall indicate a little later on, but it is a vitally necessary part of the fiscal arrangements between the federal government and the provinces. It has been recognized since the time of the earliest agreements that some subsidies were necessary and some such payments had to be made to those parts of Canada and those governments which perhaps gained less from confederation; or shall we say, using the words of some of them, "suffered more from confederation" than others, and therefore had to be compensated to put them in a position of equality with the others.

We have had constant reminders of the feeling that certain parts of Canada have contributed more to and received less from this union. We have even had suggestions of secession from time to time, but perhaps they have not been too serious. I reemember that one wag gave a name to the secessionist movement in Alberta and British Columbia a few years ago. He suggested that when that part of Canada broke away the two provinces in their united form might very well be called "Albumbia". There have been rumblings in the maritimes from time to time, and it is not clear yet whether confederation has been accepted in the newest province, Newfoundland.

In any event I think our objective in trying to work out a new fiscal arrangement within the federal system is to allay as much as possible these feelings of injustice which to the minds of us on this side of the house appear to be pretty strong and rather widespread.

As I understand the position, the minister comes to the house with a resolution, but he is not in a position to say that if we pass the resolution and the bill any of the provinces will welcome it as a solution to their problem.

Mr. Chairman, it is ten o'clock.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Harris: Mr. Speaker, we shall continue with this tomorrow and then take the resolution in the name of the Minister of Justice with respect to an amendment to the Supreme Court Act, then the second readings of bills in my name for several insurance companies, and then the Public Service Superannuation Act.

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

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

CIVIL DEFENCE

Question No. 416—**Mr. Bryson:**

1. By provinces, what civil defence projects submitted for 1955-56, for federal aid, were rejected by the minister, and for what stated reasons?

2. Do the federal civil defence authorities provide financial or material support in fighting peacetime disasters within the provinces?

3. What are the forms of assistance available to the provinces by appeal to the minister, to meet the costs of fighting the current floods in western Canada?

4. What financial or other help did the federal civil defence authorities give last year or in previous years to any of the provinces for peacetime disasters?

Answer by: **Hon. Paul Martin (Minister of National Health and Welfare):**

1. (a) Saskatchewan project 6B—$7,500. During 1954-55, 10 trailer-type fire pumpers were purchased by the province, the federal government paying half the cost. The province wished to purchase a further 10 pumpers during 1955-56 on the same basis. However, investigations by the federal civil defence division revealed that the first 10 pumpers had not been utilized in the provincial training program to an extent sufficient to justify the purchase of 10 additional pumpers requested.

(b) Alberta, Lethbridge, project 14—$4,450. This proposal was to provide heating installations in exhibition ground buildings to enable the sheltering of evacuees in the possible event of a disaster occurring during winter months. Federal policy precluded participation in this project that was not for the specific purpose of "improving and strengthening of a civil defence organization for the purpose of combating the results of enemy action upon the Canadian people and their property".

(c) Alberta, Riley, project 31—$296.35. This proposal was for the purchase of fire hose and couplings. Riley is a small town, remote from any potential target area, and therefore could not be of any assistance to such an area in the event of an emergency. It was also considered that as the requested fire hose would be used largely to meet the normal requirements of the town it should be purchased from municipal funds.

(d) Alberta, Drumheller, project 34—$1,422.15. This proposal was for the purchase of a boat, motor, and portable fire pump with hose, to assist during annual spring flooding and to maintain water supplies. The project was rejected for the same reasons as indicated in (b) above.

(e) Alberta, Red Deer, project 35—$8,128. The proposal was to provide an extensive warning and communications system. It was rejected as the proposed system was considered to be far in excess of actual requirements under present federal planning and policy.

2, 3 and 4. The federal civil defence authority does not assist financially in the event of a natural disaster. However, materials provided free of charge to the provinces for training purposes have been utilized combating peacetime disasters. While federal assistance has been provided in past years to the provinces for peacetime disasters, it has been the practice to direct this aid through channels other than the federal civil defence authority.

OLD AGE SECURITY STATISTICS

Question No. 542—**Mr. Follwell:**

1. What were the total payments under the old age security legislation in each of the years, 1953, 1954 and 1955, (a) by provinces; (b) in the constituency of Hastings South?

2. What number of persons received old age security in each of the years, 1953, 1954 and 1955, (a) in each province; (b) in the constituency of Hastings South?

Answer by: **Hon. Paul Martin (Minister of National Health and Welfare):**

Questions

1 (a). Total Net Old Age Security Payments

Province	1953-54	1954-55	1955-56
Newfoundland	$ 7,242,820	$ 7,459,680	$ 7,599,405
Prince Edward Island	3,203,780	3,261,800	3,313,980
Nova Scotia	17,702,477	18,149,526	18,411,345
New Brunswick	12,606,600	12,945,905	13,246,139
Quebec	72,032,527	74,724,977	77,110,979
Ontario	125,775,222	130,296,095	134,644,236
Manitoba	20,052,895	21,051,155	21,953,424
Saskatchewan	20,111,120	21,202,779	22,331,243
Alberta	20,137,730	21,418,246	22,681,995
British Columbia	39,880,100	42,449,810	44,657,286
Northwest Territories and Yukon	225,520	245,360	268,440
Total	$338,970,791	$353,205,333	$366,218,472

1 (b). Old age security records are not maintained on a constituency basis.

2 (a).

Number of Pensioners as at March 31

	1954	1955	1956
Newfoundland	15,343	15,693	15,973
Prince Edward Island	6,669	6,786	6,884
Nova Scotia	36,961	37,801	38,212
New Brunswick	26,288	27,014	27,513
Quebec	152,682	158,109	163,173
Ontario	264,831	274,680	283,171
Manitoba	42,592	44,591	46,396
Saskatchewan	42,505	44,821	47,101
Alberta	42,868	45,384	48,163
British Columbia	85,191	90,201	94,611
Northwest Territories and Yukon	469	540	556
	716,399	745,620	771,753

2 (b). See answer to No. 1 (b) above.

OLD AGE ASSISTANCE STATISTICS

Question No. 543—**Mr. Follwell:**

1. What were the total payments under the old age assistance legislation in each of the years, 1953, 1954 and 1955, (a) by provinces; (b) in the constituency of Hastings South?

2. What number of persons received old age assistance in each of the above years, (a) in each province; (b) in the constituency of Hastings South?

Answer by: **Hon. Paul Martin (Minister of National Health and Welfare):**

1 (a).

Federal Payments under the Old Age Assistance Act for the fiscal year

Province	1953-54	1954-55	1955-56
Alberta	$1,107,190	$1,165,332	$1,240,452
British Columbia	1,863,052	1,872,909	1,788,309
Manitoba	1,112,322	1,119,639	1,111,604
New Brunswick	1,248,339	1,288,095	1,303,189
Newfoundland	896,429	898,973	877,213
Nova Scotia	1,028,756	1,063,165	1,046,927
Ontario	4,726,153	4,858,693	4,918,978
Prince Edward Island	85,986	98,531	99,660
Quebec	7,187,259	7,392,923	7,357,373
Saskatchewan	1,017,535	1,089,705	1,150,402
Northwest Territories	14,251	18,942	21,000
Yukon Territory	880	2,220	3,080

The cost of old age assistance is shared equally by the federal government and the provinces. The amounts paid by the provinces for the three fiscal years would be approximately the same as the amounts shown above.

1 (b). Federal records are not maintained on a constituency basis.

2 (a).

Number of Recipients as at end of fiscal year

Province	1953-54	1954-55	1955-56
Alberta	5,014	5,341	5,521
British Columbia	8,144	7,868	7,441
Manitoba	4,838	4,847	4,652
New Brunswick	5,756	5,808	5,891
Newfoundland .	5,124	5,073	4,848
Nova Scotia ...	5,173	5,178	5,081
Ontario	21,587	22,061	21,731
Prince Edward Island	594	612	600
Quebec	32,391	32,882	32,227
Saskatchewan ..	4,584	4,853	4,925
Northwest Territories	64	90	86
Yukon Territory	4	12	20

2 (b). See answer to No. 1 (b) above.

POST OFFICE BUILDING, WAWOTA, SASK.

Question No. 550—**Mr. McCullough (Moose Mountain):**

1. What is the total cost of renovating the building now being used as post office at Wawota, Saskatchewan?

Questions

2. Were tenders offered in respect to provision of a building suitable for post office accommodation?
3. Was the owner of the former building utilized as a post office given notice of no further contract prior to selecting a new building?
4. If so, when?
5. What was the rent on the former building?
6. What is the rent on the present building?

Answer by: **Hon. Robert H. Winters (Minister of Public Works):**

1. Information not available. The post office at Wawota is in a rented building. It was a condition of the lease that the lessor carry out certain renovations and alterations to make the premises suitable for postal accommodation. These improvements were carried out by the lessor at his own expense.

2. Two offers were received and considered.

3. The lease was on a month to month basis. The lessor was given the required one month's notice of intention to vacate, in accordance with the terms of the lease.

4. Notice was given on February 3, 1956, that the premises would be vacated on or before March 31, 1956, and that rental would be paid to March 31, 1956.

5. $35.00 a month for 296 sq. ft. of space.

6. $102.50 a month for 820 sq. ft. of space.

HOUSE OF COMMONS

Tuesday, July 17, 1956

The house met at eleven o'clock.

AIR TRANSPORT

THE GOVERNOR GENERAL—STATEMENT AS TO PLANE PROVIDED FOR TRIP

On the orders of the day:

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, the hon. member for Prince Albert made an inquiry yesterday about the aircraft used by His Excellency the Governor General on his recent flight from Ottawa to Calgary as part of his western tour. I agreed with him that Her Majesty's representative should always have the best means of transportation available for any of his official tours. The Ottawa *Journal* said yesterday:

> When Prime Minister St. Laurent checks into the reason why the government's far-travelled luxury aircraft, the C-5, wasn't available to take the Governor General west, he will find that he himself was responsible.

That is probably true. I was on the C-5 returning to Ottawa on July 7 and reached Ottawa about 45 minutes after His Excellency had taken off for Calgary in the North Star aircraft No. 17520, which he had used for his northern trip. I can assure the house that when it was decided it would be preferable for me to travel to and from London by air for the prime ministers' conference in London so as to be away from the house as short a time as possible, I was somewhat disappointed because I had hoped earlier that it would be possible for me to travel by sea.

I was quite unaware that making the C-5 available to take me to and from London would interfere in any way with any plan for a flight on an official tour that His Excellency might wish to make. I was informed that when inquiry was made whether the C-5 would be available my office was informed that it would be available, that before giving that answer there had been communications with His Excellency's secretary, and that His Excellency had expressed the desire that the C-5, which is the only government plane that is proper for a trans-Atlantic flight, be used for that flight. Had I known that it was going to interfere with any plan that had been made for His Excellency's own flights on an official tour in Canada I certainly would have insisted that other arrangements be made, because I think these tours of His Excellency as Her Majesty's representative are extremely important.

It had been suggested to His Excellency that the Viscount, which is the only other pressurized plane in the government service, be placed at His Excellency's disposal. But His Excellency felt—and quite properly, in my opinion— that because there was going to be a guard of honour to receive him at Calgary it would be preferable for him to arrive there in an R.C.A.F. plane rather than in a plane in the service of the Department of Transport. But it certainly would have been possible for me and my department to make other arrangements and I would have insisted that they be made. I know it is difficult to secure accommodation on commercial lines without long notice with regard to reservations, but I am sure it would have been possible to have those arrangements made. I certainly would have endeavoured to avoid a situation, though I was unconscious of it, which would allow any newspaper to say that I myself was responsible for the fact that this plane which His Excellency had used for his northern flight—and which was the only one that was appropriate for the flight and which he had found very comfortable—would be used for this flight to Calgary.

I am sorry the incident occurred, because I quite agree with the hon. gentleman and I feel that hon. members of the house will agree that these official tours are an extremely useful part of the way His Excellency is carrying out his duties and responsibilities as Her Majesty's representative in Canada.

Mr. Diefenbaker: Mr. Speaker, I should like to ask a supplementary question, and it is this. How many aircraft are available to members of the government? Is there not a Viscount used by the Department of Transport?

Hon. George C. Marler (Minister of Transport): Mr. Speaker, the answer is that the Department of Transport has a Viscount among the aircraft operated by the department. In the case to which the Prime Minister has just referred the use of the Viscount was offered to His Excellency but, for the reasons which the Prime Minister has just given, he preferred to use the North Star.

Inquiries of the Ministry

ATOMIC ENERGY

CANADIAN VIEW OF RUSSIA'S SUGGESTION TO END EXPERIMENTATION

On the orders of the day:

Mr. M. J. Coldwell (Rosetown-Biggar): I should like to direct a question to the Secretary of State for External Affairs. What is Canada's view of the extremely interesting announcement made by Mr. Shepilov yesterday with regard to the banning of experiments with nuclear weapons? He gave three alternatives that I think would appeal to people who are asking for the banning of this bomb. What is the government's position with regard to these three proposals?

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, we are studying with great interest the speech given yesterday by the Soviet foreign minister which dealt with this matter, but have not yet come to any conclusions with regard to it. As my hon. friend knows, the disarmament commission has been meeting in New York. It concluded its meetings last evening. At this session my friend and colleague the Minister of National Health and Welfare (Mr. Martin) made a statement on Canada's policy in this matter. Whether as a result of the statement made in Moscow yesterday by the Soviet foreign minister our position should be revised in any way is a matter we are now considering.

Mr. Coldwell: May I ask the minister whether the representative of Canada at the United Nations recently stated the attitude of Canada toward the Krishna Menon proposals before the disarmament commission? Did Canada make a statement at that time, and if so what was our position?

Hon. Paul Martin (Minister of National Health and Welfare): My colleague the Secretary of State for External Affairs has suggested that I might supplement what he has said in answer to the question just now put. Canada was one of the two nations that suggested Mr. Menon should be allowed, although not a member of the disarmament commission, to make representations on behalf of his government with regard to the question of the banning of nuclear tests. Canada was the country that yesterday suggested that when the subcommittee of the disarmament commission resumes its sittings at a date not yet decided, special note should be taken of the representations made by the delegate for India.

Canada has taken the position in the disarmament commission that it was in favour of the cessation of nuclear tests when this cessation could take place at a time, and under conditions, that would not prejudice the security of the nations concerned. We did indicate our sympathetic interest in the suggestion that a committee of experts might be designated to consider a limitation on the number and nature of test explosions. We asserted that we would give consideration as well to the banning of explosions for military purposes, to be closely coupled with a controlled ban on manufacturing for military purposes. But it must be clear that if there was not agreement on this subject it was not because of any action taken by any western nation. This ban could take place if the Soviet union would agree to the kind of controls which are desirable and necessary in this situation.

Mr. Coldwell: May I ask a further question. Do I understand that Canada does not require that this shall be a part of a general disarmament agreement? Is that right?

Mr. Martin: Canada's statement was that we would agree to such a cessation in the context of an agreement on disarmament. This does not mean that there must be a comprehensive state of disarmament. We would agree to such cessation, within the context of an agreement on disarmament, effective at an appropriate stage and under conditions that would assure our security.

GRAIN

REPORTED DECISION OF RAILWAYS TO CHARGE DEMURRAGE ON BOX CARS

On the orders of the day:

Mr. H. R. Argue (Assiniboia): I should like to direct a question to the Minister of Transport. Has the minister been made aware of the announcement by the railways that beginning August 1 it is their intention to charge demurrage on box cars of grain at terminals that are not unloaded within a 48-hour period? Does the minister know whether or not, on the basis of this year's experience, such a charge would cost the grain producers of western Canada a sum in excess of $4 million? If this has now been approved by the board, will the minister use the power of disallowance provided under the act to see that this grave injustice is not inflicted on the wheat producers of western Canada?

Hon. George C. Marler (Minister of Transport): I have not seen the announcement. I shall have to make inquiries in order to be able to comment on it.

[*Later:*]

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce. It arises out of a question already asked by the hon. member for Assiniboia. Will the minister, as the minister under whose administration the wheat board operates, do what he can to prevent this very unjust further exaction being imposed upon the western farmer? The penalty will be from $3 to $7 per carload of wheat. Will the minister consider doing his part to suspend the operation of any such exaction at this time?

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, like my colleague the Minister of Transport I know nothing about this proposal that demurrage will be charged on cars loaded with wheat. Offhand I cannot think how it would be brought about, but in any event I shall take the matter up with the wheat board and see what are the facts. Certainly we shall endeavour to avoid any further charges on wheat.

Mr. Diefenbaker: Has the minister any knowledge of it at all?

AVAILABILITY OF BOX CARS IN INTERLAKE REGION, MANITOBA

On the orders of the day:

Mr. William Bryce (Selkirk): I should like to direct a question to the Minister of Trade and Commerce. The transport controller, Mr. Milner, said he would do everything he could to see that those points where producers are unable to deliver an 8-bushel quota by July 31 were given a larger proportion of box cars in the new crop year. Will the minister see that this concession is granted the marketing points in the Manitoba interlake country, where little or no grain was marketed last year because of crop failure?

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, I will draw this question to the attention of the wheat board. I am sure they will take a sympathetic view of the situation in the interlake country, which has not had a crop for two years. I think my hon. friend will find that if that area has a crop this year it will get a movement that will supply ready cash at the earliest possible time.

HOUSING

INQUIRY AS TO REDEVELOPMENT IN MONTREAL

On the orders of the day:

Mr. Claude Richardson (St. Lawrence-St. George): Mr. Speaker, may I direct a question to the Minister of Public Works. Has the government of Quebec indicated its approval of the proposed housing redevelopment project in Montreal, and will it be prepared to enter into an agreement with the federal government providing for the housing project on the cleared site?

Hon. Robert H. Winters (Minister of Public Works): Mr. Speaker, from conversations I have had with Mr. Duplessis I understand the government of Quebec is prepared to approve the entry of the city of Montreal into a slum clearance agreement with the federal government.

As to the subsequent housing development, I believe it is the intention of the Quebec government to designate the city of Montreal as its agent. Nevertheless, under section 36 of the National Housing Act it will be necessary for Quebec to become a party to an agreement with the federal government. In a telephone conversation yesterday the premier of Quebec informed me that the principle of entering into a formal agreement with the federal government for this purpose was acceptable to the government of Quebec. The signing of an agreement will be subject to the various aspects and details being acceptable to all three parties concerned: that is, the city of Montreal, the government of Quebec and the federal government.

PUBLIC WORKS

FALSE CREEK, VANCOUVER—STATEMENT AS TO FISH DOCK

On the orders of the day:

Hon. Robert H. Winters (Minister of Public Works): Mr. Speaker, I should like to give a further reply to the question asked yesterday by the hon. member for Vancouver-Quadra (Mr. Green) about the progress of work on False creek.

The situation is that the work there is in four stages: stage 1, road construction; stage 2, bulkhead, road and shed; stage 3, dredging; stage 4, wharf and floats. Stage 1 was completed this spring, and stage 2, that is the bulkhead, road and shed, has just been completed. The next stage is the dredging, and plans and specifications are ready but before tenders can be called it is necessary to obtain a spoil area from the Granville Dry Kilns. This area has not yet been obtained, but the matter is being processed through legal channels now.

Inquiries of the Ministry

Mr. Green: Can the minister tell the house how long a delay will result?

Mr. Winters: I should think it would be a very short time, Mr. Speaker.

(Translation):

TRANSPORT

CONSTRUCTION OF AIRPORT AT RIVIERE DU LOUP

On the orders of the day:

Mr. J. Wilfrid Dufresne (Quebec West): Mr. Speaker, I would like to direct a question to the Minister of Transport. Has the federal government decided to build an airport at Riviere du Loup at a cost of about $2½ million, as stated by the hon. member for Temiscouata (Mr. St. Laurent) during the last provincial election campaign, according to local papers?

Hon. George C. Marler (Minister of Transport): Mr. Speaker, the question of building an airport at Riviere du Loup—the locality mentioned by the hon. member for Quebec West, was it not?—is under consideration, and I understand that the municipal authorities of Riviere du Loup are investigating the possibilities of acquiring the land required for that airport.

(Text):

POST OFFICE DEPARTMENT

QUEBEC CITY—INQUIRY REGARDING SITE OF PROPOSED NEW POST OFFICE

On the orders of the day:

Mr. J. Wilfrid Dufresne (Quebec West): Mr. Speaker, I would like to direct a question to the Minister of Public Works. Have the Department of Public Works and the Canadian National Railways reached a final agreement leading to an exchange of properties to provide for the construction of the new post office in Quebec city?

Hon. Robert H. Winters (Minister of Public Works): No, Mr. Speaker. The situation there is that the mayor of Quebec undertook to arrange a meeting of all parties interested in any proposed exchange of property. I have not heard from the mayor. I told him that officials of the Department of Public Works would be prepared to attend any such meeting, and within the course of the past few days I wrote the mayor again reminding him of the long delay that had taken place and urging that he assemble the meeting at the earliest possible date.

Mr. Dufresne: Who would represent the federal government at a meeting such as the minister referred to?

Some hon. Members: You.

[Mr. Winters.]

Mr. Dufresne: I have no objection at all.

An hon. Member: That is not unanimous.

Mr. Winters: The officials of the Department of Public Works, amongst others. I cannot speak for my colleagues.

COMMUNICATIONS

NEWFOUNDLAND—SERVICE AND RATES ON LONG DISTANCE CALLS

On the orders of the day:

Mr. T. G. W. Ashbourne (Grand Falls-White Bay-Labrador): Mr. Speaker, I would like to direct a question to the Minister of Transport. In view of the fact that the Canadian Overseas Telecommunication Corporation has shown a surplus for six consecutive years, is it the intention of the company to improve service and reduce rates for long distance telephone conversations to and from Newfoundland?

Hon. George C. Marler (Minister of Transport): Mr. Speaker, in reply to the question which the hon. gentleman just asked I would say that when the new trans-Atlantic telephone cable is completed later this year six additional circuits will be put into service by the Canadian Overseas Telecommunication Corporation. It will then be possible to introduce substantially reduced telephone rates for long distance service with Newfoundland. I am advised by the C.O.T.C. that the new rates will be in line with the trans-Canada and Canada-United States rate schedules for person to person, station to station, and night, Sunday and holiday rates.

ROYAL CANADIAN AIR FORCE

420 SQUADRON, LONDON—REQUEST FOR STATEMENT ON REVISION OF DUTIES

On the orders of the day:

Mr. H. O. White (Middlesex East): Mr. Speaker, I should like to direct a question to the Minister of National Defence. On June 29 the minister replied to a question of mine referring to 420 squadron at London, Ontario. In his answer as reported at page 5516 of *Hansard*, he said:

> I believe it was felt the activities of those who are air-minded in the London auxiliary—and there are some very good people—could be better tied into the Royal Canadian Air Force organization in the way which is proposed under the revision of duties which has been worked out.

Would the minister now indicate what this revision of duties comprises and what the plans are, in order that those who are vitally interested in this 420 squadron will know what will likely be done?

Hon. R. O. Campney (Minister of National Defence): Mr. Speaker, I would like to take the hon. gentleman's question as notice and refresh my memory concerning the details before I answer.

REPORTED POSTPONEMENT OF DECISION TO DISBAND MOUNT HOPE STATION

On the orders of the day:

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, further to a question which I asked the Minister of National Defence yesterday, can the minister make any statement with regard to a report in yesterday's Hamilton *Spectator* that the disbandment of 424 squadron of the R.C.A.F. auxiliary at Hamilton has been postponed by order of the department?

Hon. R. O. Campney (Minister of National Defence): Mr. Speaker, the position is that the decision was taken to disband this squadron, and that decision still stands. After the decision had been announced representations were made to me personally and by letter from Hamilton, as I indicated yesterday, and to the chief of the air staff by officers of the auxiliary squadron. These representations naturally will be considered, as will further representations which I understand officers of the auxiliary wish to make.

Perhaps I might also deal with the question asked by the Leader of the Opposition yesterday with regard to resuming auxiliary flying at Hamilton. As I indicated I would, I discussed the matter with the chief of the air staff, who informs me that at the meeting he had with the auxiliary officers it was mutually agreed that flying having been stopped it should not be resumed unless and until any changes were made in the decision.

Mr. Drew: Mr. Speaker, do I understand from the statement just made by the Minister of National Defence that it has been agreed by the officers of 424 squadron that they shall not continue flying for the time being?

Mr. Campney: That is the advice given me this morning by the chief of the air staff.

ROYAL CANADIAN MOUNTED POLICE

NEWFOUNDLAND—STATEMENT AS TO REPORTED DELAY IN PAY

On the orders of the day:

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, yesterday the hon. member for Victoria, Ont. (Mr. Hodgson) asked me the following question:

> I should like to bring to the attention of the Minister of Justice the back pay of the mounted police. I understand that in Newfoundland they are behind some three or four months and the amounts run from $43 to $55 a month for these constables. Will the minister look into the situation and give us a reply tomorrow?

Mr. Speaker, as would be indicated by the amounts of $43 and $55 per month, this is not back pay. There has been no delay in issuing the regular pay cheques to members of the Royal Canadian Mounted Police in Newfoundland. Members of the force stationed at St. John's, Corner Brook and Grand Falls, however, were in receipt of special Newfoundland allowances ranging from $25 to $45 per month. The authority for these allowances expired on March 31, 1956. At that time, due to an increase in the differential between living costs in certain areas of Newfoundland and other Canadian urban centres, a recommendation was made for an increase in the allowances. The authority to increase these allowances was granted by order in council under date of May 17, 1956. The new allowances, effective April 1, 1956, range from $30 to $35 per month. Cheques having been made out are in the mail, and will be received in due course.

BRITISH COLUMBIA—STATEMENT ON ALLEGED REFUSAL TO ISSUE REVOLVER LICENCES

On the orders of the day:

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, I am now in position to make a statement with regard to a matter which was raised yesterday by the hon. member for Vancouver-Quadra (Mr. Green) and the hon. member for Kootenay West (Mr. Herridge), and which was raised with me some weeks ago by the hon. member for Skeena (Mr. Applewhaite), concerning the issuing of permits to trappers and prospectors in the northern area of British Columbia to enable them to carry pistols and revolvers in connection with their work.

Section 90 of the Criminal Code makes it an offence for a person to have a pistol or revolver elsewhere than in his dwelling house or place of business unless he has a valid permit. Section 94 of the code authorizes the commissioner of the mounted police and the attorney general of the province to issue such permits. Since section 94 places the authority for the issuance of permits within the province in the hands of the attorney general of the province, the commissioner of the mounted police confines his authority to issuing permits to those of an interprovincial nature, such as permits to express messengers.

In those provinces such as British Columbia, in which the government of Canada has entered into an agreement with the provincial government to make available the services of the Royal Canadian Mounted Police to discharge provincial police duties, it is the

provincial attorney general who controls the policy under which those authorized to issue permits, including officers of the Royal Canadian Mounted Police, must issue them. Moreover, the officers of the Royal Canadian Mounted Police, in the issuance of permits for pistols and revolvers in such a province, are, pursuant to the police agreement, under the direction of the provincial attorney general. I suggest, therefore, that my hon. friend's question might be more appropriately directed to the attorney general of British Columbia.

Mr. Howard C. Green (Vancouver-Quadra): I have a submission from the British Columbia-Yukon chamber of mines on this question which I should like to place before the Minister of Justice. In view of the fact that these men were permitted to carry revolvers for many years up until this year, will he not make some effort to see that they are allowed to have revolvers this year, even though it means making representations to the provincial government?

Mr. Garson: I have no hesitation in agreeing to do anything that is reasonably within my power in that connection; but I must say that where we have a police agreement between a province and the dominion we do make a special effort not to appear to take advantage of that fact to impose anything more than suggestions upon the provincial attorney general in respect to matters which fall within the jurisdiction of the province. It would really be much more appropriate, if I may say so, if my hon. friend would raise this matter with the Hon. Mr. Bonner, whose responsibility it is, and have him do it. I do not like, as a co-signer with Mr. Bonner of the British Columbia police agreement, to be suggesting to him how he should handle his end of that.

Mr. Green: Is it not a fact that the basic trouble is the terms of the Criminal Code itself, and that that is a matter for amendment here?

Mr. Garson: No, not at all. I think there would be general agreement in the house that so far as the discretion in the issuance of permits of this sort is concerned, it can be far more appropriately exercised by the provincial or local authorities than by myself or my officials in Ottawa. It would not be reasonable that a man in northern British Columbia wanting to carry a revolver should have to write to the Minister of Justice; and if he did, what would we know about the circumstances under which he was going to carry it?

Mr. Green: Why should the code not permit the carrying of a revolver by this type of person?

[Mr. Garson.]

Mr. Garson: For reasons that were gone into at length at the time this particular section was debated. I do not want to review them now, but I would point out to my hon. friend that if we did not have a restriction of this kind on the carrying of revolvers by people circulating around the country, everybody could carry them, with consequences that I feel he might deplore.

STEEL

PRESENT SUPPLY POSITION—EFFECT OF U.S. STRIKE ON INDUSTRY

On the orders of the day:

Mr. J. A. Charlton (Brant-Haldimand): Mr. Speaker, I wonder whether the Minister of Defence Production could give the house a statement as to the present steel situation in Canada, how long the stockpile will last and if the United States steel strike has had any effect on Canadian industry yet.

Right Hon. C. D. Howe (Minister of Defence Production): The situation in Canada is that our steel mills are producing to capacity, as they have been for some time. Imported steel is cut off completely. Warehouse stocks are being depleted. I dare say we will feel the pressure there in time, but I can assure my hon. friend that the Minister of Defence Production can do nothing about it.

Mr. Michener: I understood the powers of the Minister of Defence Production had been extended for three years. Has he terminated them voluntarily?

Mr. Howe (Port Arthur): I found they were so distasteful to some hon. members that I have not exercised them.

DUNN ESTATE—REPORTED LIQUIDATION OF HOLDINGS IN ALGOMA STEEL

On the orders of the day:

Mr. W. M. Hamilton (Notre Dame de Grace): Mr. Speaker, I have a question for the Minister of Defence Production. Has the minister received an indication from any of the executors that the holdings of the Dunn estate in Algoma Steel are about to be sold to others?

Right Hon. C. D. Howe (Minister of Defence Production): Mr. Speaker, the answer is no.

TAXATION

MEASURE TO PROVIDE FOR AGREEMENTS WITH PROVINCES

The house resumed, from Monday, July 16, consideration in committee of the following resolution—Mr. Harris—Mr. Robinson (Simcoe East) in the chair:

That it is expedient to introduce a measure to provide that the Minister of Finance may pay to a province, out of the consolidated revenue fund, in respect of any fiscal year in the period commencing on the first day of April, 1957, and ending on the 31st day of March, 1962

(a) a tax equalization payment with respect to individual and corporation income taxes and succession duties;

(b) a provincial revenue stabilization payment with respect to such taxes; and

(c) a tax rental payment in accordance with a tax rental agreement that may be entered into by any province as an alternative to levying such taxes on its own behalf;

and also to authorize tax collection agreements with the governments of the provinces.

Mr. Michener: Mr. Chairman, when I began last night I suggested that an appropriate test by which this resolution might be judged was whether or not it tended to maintain the federal system or even to reduce the over-centralization which has been a continuing legacy of the war. I suggested that there was one bright ray appearing, in that the new arrangement seems to leave in an equal position a province which wishes to rent its tax fields and a province which wishes to collect its own taxes, in other words to share its former tax fields with the federal government, and that the proposal would be equally beneficial, if you want to put it that way, or would be equally harmful, if you want to put it the other way.

The minister's assessment of the provincial attitude toward his proposals is contained in his remark that not one province over a period of 15 months, I think he said, had said that the new plan was not as good as the tax rental agreements. It strikes me that is pretty faint praising by the minister of his own proposal and of the provincial reaction to it. It seems clear to me that the provinces have not reacted favourably to the new proposals. They have recognized an advance, as we do, in the respect which I have mentioned. They have also recognized that there is more money for them. I think the minister estimates that there is 20 per cent more money.

It is perhaps significant to note that the corresponding grants from the province of Ontario to its municipalities have increased in the last five years by something like 190 per cent. I think that is approximately the figure, but I will get the exact figure. In any event there is a 20 per cent increase under the resolution and bill, and that is not to be overlooked. But notwithstanding the two things that can be said and which I have said, it seems clear that the provinces are dissatisfied. They have spoken for themselves, and it is not necessary for us to speak for them today. But I think it is desirable that this committee should have the provincial viewpoint expressed very clearly, because to my mind it would be an unsatisfactory thing if this house passed a bill which had the unanimous approval of the house and which was presented to the provinces as the only course open to them; in other words an offer which they must either take or get along with, having no choice in the matter. If it were presented to them as the unanimous decision of the house it seems to me that would impair the bargaining position of the provinces and, as the minister knows, these matters ultimately have to be settled by agreement if they are to be settled satisfactorily.

I should like to suggest to the committee that the provinces have very little to hope for from this government, and I should like to take a minute or two to explain why that is so. For 17 years this government have been going in one direction, to the extent that they have lost their brakes and they have no reverse gear. They have been going in the direction of centralization of authority in Ottawa. Seventeen years is a long time, long enough for most ministers to form habits.

There is no question but that the government enjoys the position it holds in confederation. The members of the government have even, I think, attributed to themselves a certain indispensability which is not calculated to improve relationships between the central and the provincial governments. If I may say so, they have the attitude that no one can do it like we do, that we are the best spenders Canada has ever had. There is no question but that they are the biggest and the fastest spenders.

Mr. Chairman, it began with the Rowell-Sirois commission report. That report planted the seed of an idea. It did more than plant it; it expounded a theory that full employment could be maintained in Canada if the great progressive taxes, namely the income tax and the corporation tax, were centralized in the hands of Ottawa. I think that report could not have been more satisfactory to Mr. King if he himself had written it. In any event he seemed to accept, as have his successors, the central theme that if we are to have no more unemployment—and all governments have made that one of their objectives—the more centralization control of the economy there is in Ottawa, the better it is for everybody.

That is the thesis I want to challenge. That is where it began. The provinces would have none of it. However, the war came to the rescue of the government and under the real and grave necessities of the war and the essential need for a unified command, we had a centralized authority and centralized tax collection, and all the provinces entered into agreements

which handed over completely to the federal government their right to levy personal incomes taxes and corporation income taxes. That was a complete vacation of a field which the provinces enjoyed under the constitution equally with the federal government. They were joint tenants, if I may put it that way; and my conception of a joint tenancy is one in which each party has a fifty-fifty interest, in the absence of other arrangements.

That was the position. They had equal rights in that field, and I do not believe anybody would deny that as a constitutional and legal concept. In any event, the provinces, with very strong assurances that they would be restored to their former rights, gave up completely their taxing authority in those two fields for the duration of the war.

Then after the war, in the 1945 and 1946 dominion-provincial conferences, called the reconstruction conferences, the provinces were presented with the green book which was an ambitious scheme to continue the effect and carry on the general ideas of the Rowell-Sirois commission's report and to continue the centralized authority over and control of the economy which was the basis of that recommendation. At that conference the provinces were anxious to agree, but they were unconvinced and they were divided, and in the end they were forced to accept.

The next event was the budget of Mr. Ilsley, brought down in 1946, which to some extent resembles the proposals under which we still are obliged to work, an arrangement by which those who were unconvinced, and unwilling to leave their birthright in the hands of the federal government, would be obliged to continue on their own, with such abatement and recognition as Ottawa chose to give. Quebec and Ontario undertook to maintain their independence and go their own way and for the next few years they levied corporation taxes at the rate of 7 per cent, although the federal government's allowance to their taxpayers was only 5 per cent. They did not levy personal income taxes; that field was left entirely to the federal government.

Then in 1950 there was a further conference. The first agreement had been a three-year agreement and obviously was only a stop-gap agreement pending some more comprehensive solutions of these matters. In 1950 there was a conference in the shadow of the Korean conflict, and as a result of that conference new agreements were made in 1952. At that time Ontario joined in the agreement to rent these tax fields for a period of five years, leaving Quebec as the only province which remained outside the agreement; and until this day Quebec has stoutly maintained its independent position.

I think those who believe that the federal system means something in this country and should be preserved owe a great deal to the fortitude of the people of Quebec, who have maintained that position throughout the last ten years since the war. But even Quebec felt the pinch of the conditions with which they were confronted, and in 1954 and 1955 met something of a crisis which required the province to levy income taxes of their own, something which proved to be an embarrassment to them, and certainly to the federal government, and which resulted in a concession from Ottawa, namely a 10 per cent abatement in the personal income tax field. I think that is probably the genesis of the new agreements or the new arrangements which are now under consideration.

These agreements which were made in 1952 run out in 1957. The opportunities to provide a more satisfactory and comprehensive arrangement to meet present day needs are also running out. No solution has been found. The minister has propounded a principle to which I subscribe, namely that the provinces' revenues should be consistent with their responsibilities, but that result has not been achieved. The revenues which the provinces might enjoy have been rented under the circumstances I have recounted. They have been withheld; some say they have been filched away from them by the overweening central authority which does not wish to return those taxing powers to the provinces.

I suggest that the position today can be readily appreciated by looking at a table showing a comparison of the spending by the federal government and by the provincial and municipal governments over the last few years and by seeing how the balance has shifted toward the central authority. I am quoting from table 7 in the Canadian Tax Foundation's review entitled "The National Finances", 1955-56. It appears at page 12. The comparison is between the expenditures, which I think is the true basis rather than the revenues. The revenues are even more in favour of the federal government, but they do not take into account intergovernmental payments.

The expenditures in 1929 by the central government were $323 million and by the provincial and municipal governments, $600 million. I see that the minister has the table before him. To express it in percentages, the federal government was spending 5·2 per cent of the gross national product and the provincial and municipal governments were spending 9·7 per cent or almost twice what the federal government was spending. In 1933 the provincial and municipal governments spent 16·5 per cent of the gross

national product as against 8·5 per cent spent by the Ottawa government. Those were depression times, and the weight of the depression on the municipalities was extremely heavy. In 1945—and this is the next comparison I should like to make—we find that a complete reversal had taken place. In that year we find that the central government was spending 34·6 per cent or more than one-third of the gross national product, and the provincial and municipal governments were down to 6·8 per cent, a smaller proportion than they had spent at any time previously.

We now come up to date. In 1954, which is the last year for which figures are given, the amount spent by the federal government was $4,142 million and that was 17·2 per cent of the gross national product; the provinces and municipalities combined spent $2,447 million, which was only 10·2 per cent of the gross national product. If one quoted the figures for collections for the same year one would find that in 1954 the federal government collected 19 per cent of the gross national product and that the provinces and municipalities combined collected 8·5 per cent.

That is a complete reversal in the short period of one generation and all of it has taken place under the aegis of this government. It is for that reason I say the provinces have little to hope for from a government that has that record and that background. They have been conditioned, as the psychologists say, to the belief that the welfare of Canadians stems from what is done in Ottawa rather than what is done by local governments.

I have been speaking about revenues, and now let me say one word about the responsibilities of different levels of government. There has been no determined effort to resettle their responsibilities, either in line with this sharing of revenues and expenditures or on any settled principle. Here again there has been an encroachment by the federal authority, partly I suppose because it has had the funds with which to meet the needs. The provincial governments, as I say, have been occupying a lesser position throughout. This point was well expressed by Mr. Hicks, the premier of Nova Scotia, when he spoke to the Canadian club in Toronto on January 25 of last year. He said that without the people knowing it or deciding it, the basis of the constitutional relationship was being changed and that the federal government was encroaching in almost all fields, agriculture, fisheries, transport, finance, education, labour, health, pensions, highways; all those provincial fields had been encroached upon by the federal government.

Mr. Harris: And every one of them you support.

Mr. Michener: Every one of them has been done, as Mr. Hicks indicated, without any arrangement. This has resulted, no doubt, because the resources were available to the central government. That is demonstrated by the fact that the clamour for money is directed to Ottawa, and for many things which are purely provincial in their concern. This is particularly true of education and highways. There is a path worn to the minister's doorstep in connection with all these matters, which are matters of provincial concern. The reason is that Ottawa has money to burn. I do not know what the minister's surplus will be this year, but I suggest to him it may run as much as $750 million. I hope it will. With a surplus of the kind which he will have to present, if he is not able to conceal it, he is not going to be very popular with the provincial finance ministers in endeavouring to settle their problems on the basis he is proposing to this house today.

What is needed, Mr. Chairman, is a new look, because the war has been over for some years and the cold war, while it is making constant demands, is taking a secondary place to the industrial growth and peacetime development of this economy. I suggest that our expanding economy is soundly based on the possession of resources that the world needs, and that the main problem is to create a condition in which those resources can be used and developed. Wealth, Mr. Chairman, is not created at Ottawa. It comes not from Ottawa, but from the ground and from the work of the people of this country. Ottawa has failed, I suggest, to see that there is a change; that what was desirable 15 years ago and what was represented by the Rowell-Sirois commission is no longer appropriate to meet the needs of the time.

The truth of this assertion can be readily demonstrated by the condition of the municipalities and provinces and the services they have to perform. This expansion of our economy rests on the services which are provided locally. It rests on a grass roots development throughout every part of Canada. The municipalities are struggling with a problem which they are unable to meet. I should like to cite one or two examples to demonstrate to the house how, in a few short years, the responsibilities of the municipalities have changed. The city of Kitchener is a typical example of an expanding city. Its total debenture debt in 1951 was $6·8 million. By 1954 it was over $10·25 million. Its school debt in 1951 was $1,169,000. In 1954, it was $2 million.

This rate of increase in the school debt amounted to 77·3 per cent in four short years, and that is not unusual. There is one municipality in the province, Dundas, where

school debt increased by 813 per cent in the same period. Throughout the whole of Ontario the municipalities—and they are the ones I naturally would use to illustrate this point—were faced with an enormous increase in their responsibilities, an increase in debt and in the levy of taxes for schools and other municipal services. In Toronto the increase in the school debenture debt in that same period was 165 per cent.

Now let me further illustrate by levies in some of these centres. The tax levy in Kitchener increased from 1951 to 1954, for all purposes by 55 per cent and for school purposes by 57 per cent. In a smaller community like the township of Toronto, where there is a great deal of activity resulting from the industrial development in the Toronto area, the total tax levy increased from 1951 to 1954 by 121 per cent and the total school levy by 165 per cent. Those are only figures, but what do they mean to the ordinary person who lives in the township of Toronto and pays his taxes there? They are a staggering burden for the home owner, and it cannot be tolerated for long. Yet there is no visible end to this problem short of some general readjustment which will give the provinces greater financial resources.

There is one other illustration.

The Chairman: I am very sorry to interrupt the hon. member, but I am obliged to advise him that his time has expired.

Mr. Michener: If the committee does not mind my finishing, which I can do in about three minutes, it will avoid the necessity of my making a 30-minute speech later.

The Chairman: Has the hon. member unanimous consent to proceed?

Some hon. Members: Agreed.

Mr. Michener: Thank you, Mr. Chairman.

The provincial problem is of the same order. I should say that these levies made by the municipalities for school purposes are made after the provincial grants to the municipalities which this year in Ontario for all purposes, including education, are $184 million or 40 per cent of the total Ontario provincial budget. If one can imagine such a transfer of funds, that is what is taking place. Ontario's total budget of over $400 million has to be paid over, to the extent of 40 per cent, to the municipalities.

The provinces have their own part to play in maintaining our prosperity. This results mainly from their control and direction of our natural resources. The provinces must plant, but Ottawa reaps the harvest. This situation cannot go on. I should like, Mr. Chairman, to use the figures for Ontario forests and mines to show exactly how the federal government benefits from the developments which are mainly made at the expense of the provincial governments. In the forestry department the Ontario government revenues, made up of timber dues, fire tax and other department of lands and forests receipts, totalled $20 million. The treasury department receives a logging tax of $800,000, making total revenues to the province of Ontario from these lands and forests of $20,800,000. The total federal tax declared by Ontario's forest-based industries was $39·3 million, that is just about twice what the province received from industries working in this natural resource and which depend on the province and municipalities for services that sustain those industries, and without which they could not operate. Yet Ottawa, as I say, reaped a harvest of approximately $40 million, twice as much as the province, in the same field.

In mining the contrast is even more striking. If the government were at all receptive to the importance of the activities of the municipalities and the provinces in these fields they would appreciate that this condition cannot continue. From mining the Ontario government receives a total of $5·2 million, whereas the total federal tax taken from the Ontario mining industry is $27·4 million, or more than five times the amount which the provincial government receives in taxes from its mining industry.

This situation can be very simply illustrated by the kind of development we see going on everywhere in Canada. At Bancroft, in Ontario, one of the uranium mines is making an expenditure of $10 million in a mill and mining plant. That involves the province in the construction of roads; it involves the municipalities in building schools to house the children of a community of 5,000 people, and all the incidental services that are necessary to establish a community without which a mine cannot function. These miners begin to pay taxes to the federal government from their very first pay cheques; while the mill is in the process of building, the federal government draws excise and sales taxes and that sort of revenue, and as soon as the plant begins to operate the profit tax begins to roll into Ottawa.

Up to the present time the federal government has not expended one cent in the ground work which makes the industry possible. It is true they have, under their direction, arranged for the sale of uranium, which they control. To that extent they have a part, but there has been no cost to the federal government. The cost of all of this is on the

municipality and the province, and the disproportion of the resulting revenues for government purposes is five to one in favour of the federal government. Now, Mr. Chairman, that is a condition that I say cannot continue. The clamour at the door of Ottawa is the proof that there is an imbalance which is of serious proportions. A broader conference is needed, Mr. Chairman, and a resettlement of the responsibilities and revenues.

The minister has said that time and men both change and our problems change with them. There is no hope of a broad federal solution from this government, with the background I have illustrated. Change is taking place, and a change in the approach to these problems is needed. If the government will not change, Mr. Chairman, I suggest it is time to change the government.

I wish to close, Mr. Chairman, with one more quotation from a man who was quoted with considerable relish by the other side of the house not so long ago. Mr. Frost, the premier of Ontario, in speaking about these negotiations in the Ontario legislature on March 12, 1956, said, as reported at page 929 of the Ontario *Hansard*:

> I tell this house today that the federal government has deplorably failed to assess the needs of the provinces and their municipalities which are the right arm of peacetime development and expansion. They are as wrong in this as they were in the attitude of 1945 and 1950. The unfortunate part is that this matter is urgent, that our taxpayers are being overwhelmed because they are being deprived of their fair share of the revenues which come from the very production which causes our problems. That the federal government will be proved wrong again I have no doubt, but it is my hope that it will not be too late, before they find they are wrong, unfair and unjust to the provinces.

Mr. Kirk (Shelburne-Yarmouth-Clare): Mr. Chairman, I should like to speak briefly in this debate. I do so because of some of the comments that were made yesterday afternoon and evening. I should like to make particular reference to the maritime provinces, and particularly again to the province of Nova Scotia of which I am one of the representatives.

Statements were made yesterday that the maritime provinces in general are being treated unfairly by the federal government; that the federal government was doing nothing, or at least was not doing nearly enough, to assist in the economy of the maritime provinces; that there was a lack of defence expenditures in the maritime provinces; that the present proposed tax rentals, including the tax equalization payments, were not large enough, and so on. In doing so, one or two of the speakers made slight reference to other expenditures which are made by the federal government, and I do feel that if one is going to look at the proposal as set out in this resolution, one must in fairness look at other expenditures being made by the federal government.

I should like to speak briefly of three of our main industries in Nova Scotia, our three primary industries, mining, fishing and agriculture. I do not think it is generally realized by Nova Scotians, and I am sure it is not by many members in this house, that in so far as the mining of coal, for example, in Nova Scotia is concerned, five federal government assistance grants are received. I am sure that no one has any idea, or very few have any idea, of the magnitude of those grants. For example, from the transportation subvention, which is to overcome to some extent the handicap of the distance of the coal mines from the main markets in the central provinces of Ontario and Quebec, in 1954-55, the last year for which final figures are available, the province of Nova Scotia received $8,689,000. Since this subvention assistance was put into effect in 1929 the province of Nova Scotia has received over $55,600,000.

Another form of assistance is the subsidy payments on coal which is used in the manufacture of iron and steel. This goes back to the coke bounty act of 1930. Under this act and under the Canadian Coal Equality Act of 1952 Nova Scotia, in 1954-55, received $224,600. Since that act has been in effect, from 1931, Nova Scotia has received almost exactly $7 million.

The third form of assistance for the coal industry is the coal production subsidies, the loans and the rentals. Under this plan there are long-term loans made for the purpose of increasing efficiency of production through modernized mechanization. Nova Scotia has received under this plan over $30 million; to be exact, $30,863,000 over a period of five years.

Then there is the coal production assistance loan under which we have received in the last six years $7,600,000 and, of course, the export subsidy on coal which brought us in the last year $300,000. I mention these, Mr. Chairman, just to show that in coal alone, not only recently but over the last few years, Nova Scotia has received very large sums to assist its mining industry.

We do hear a little more in the house about the freight assistance under the Maritime Freight Rates Act, which provides a reduction of 20 per cent on all freights charged on certain traffic originating and terminating within certain designated areas. Unfortunately, at the moment I have not the exact figure for the last year for Nova Scotia, but the maritime provinces and the Atlantic

provinces were referred to yesterday. In the Atlantic region the freight assistance amounted to $10,590,000 in 1954-55, and within the last nine years it has amounted to over $77,500,000.

In so far as fisheries are concerned, there are many avenues in which the federal government is assisting the fisheries in the maritime provinces. For example, there is the fishing bounty which is to aid in the development of the sea fisheries of Canada. In 1954-55 Nova Scotia received approximately $85,000, and within the last 10 years $839,300. There is assistance in the form of educational service for fishermen, which is to extend the educational work in co-operative producing and selling among fishermen. The maritimes received last year, under this item $46,000, and in the last 10 years the maritimes received in round figures $460,000. There is also assistance in the form of industrial development to provide for expenditures in so far as technical service to fishermen is concerned, and in that regard the maritimes in 1954-55 received nearly $250,000 and in the last three years received about $370,000.

There is construction assistance for fishing vessels, which is of great value particularly in my own province of Nova Scotia in so far as the construction of draggers and the long liner type of vessels are concerned. In this case the subsidy payments are made through the fishery loan agencies, and in the maritimes they amounted to almost exactly $114,000 during the year 1954-55 and during the last eight years have amounted to approximately $658,000.

Still another form of assistance is that given to bait freezers. That is of particular interest to my own constituency, where several have already been built and others are under construction. In the last seven years that has amounted to $65,000 for Nova Scotia and a large part of that has gone into the constituency of Shelburne-Yarmouth-Clare.

In so far as agriculture is concerned I think one of the best moves made in recent years was the passing of the Maritime Marshland Reclamation Act. Under this act Nova Scotia received $733,000 in 1954-55, and in the last seven years it received nearly $2¼ million. That program has gradually been developed, and each year the expenditures increase and doubtless will continue to increase for a few years until the program is still further developed. This program provides for the construction of dikes and aboiteaux to reclaim the marshlands. This is a co-operative arrangement between the federal and provincial governments and the marshland owners.

There is another form of assistance which goes to maritime farmers, namely the agricultural lime assistance program. Under this program in the last nine years Nova Scotia has received over $500,000.

In addition to the freight assistance I mentioned earlier, which applies to all traffic moving in certain designated areas, there is freight assistance on western feed grains which represents a considerable amount and makes a vast difference in the economy of the farming areas of Nova Scotia. In 1954-55 Nova Scotia received $1,600,000 under this form of assistance, and has received in the last nine years over $13 million.

One could go on in great detail, Mr. Chairman, and one could quote a great many figures, but I think I have perhaps given enough figures concerning mining, fishing and agriculture to show that there are a great many forms of assistance and a number of ways in which the maritime provinces in general and Nova Scotia in particular receive funds from the federal government in addition to the proposal we have in this resolution today.

To give another example, there are the general health grants under the Department of National Health and Welfare. In 1954-55 in Nova Scotia these amounted to $2½ million, and over the last seven years since they were inaugurated they have amounted to over $8½ million.

So much for the general forms of assistance. In Nova Scotia we have also had a great many individual development projects over the last few years, many of which have been discussed in the house. I think it might perhaps be just as well to mention four or five of them. For example, there was the development of the North Sydney terminals, which in the last few years amounted to approximately $3½ million. In the last ten years the expenditures of the national harbours board amounted to over $6,300,000. The general vote for harbours and rivers varies from year to year, but in 1954-55 it was over $3 million in Nova Scotia.

There are also three ferries, two of which have been completed and one of which is now being built. I refer first of all, of course, to the *Bluenose* which operates between Bar Harbor, Maine and Yarmouth, Nova Scotia. This was built by the federal Department of Transport and the province of Nova Scotia, the Department of Transport paying something over $4 million and the province of Nova Scotia paying $1½ million. This motor vessel has been in operation since last January and traffic is increasing very rapidly. During the last week, for example, there were over 6,000 passengers carried between Yarmouth and Bar Harbor. Over 3,200 coming

from Bar Harbor to Yarmouth and about 2,800 travelling from Yarmouth to Bar Harbor. In addition the ferry carried between 125 and 150 cars, trucks and buses every trip in either direction.

Not only was the expenditure to which I referred important so far as the vessel is concerned, but there is also of course the expenditure necessary so far as docks and dredging are concerned. In Yarmouth alone this amounted to between $2 million and $3 million over the last few years. Of course, with 6,000 people either entering or leaving a port within one week it means a great expenditure on the part of the passengers, which is of assistance to everyone who is in business in that area. In other words it is of vast assistance to the general economy of the area.

I should also refer to the expenditures for the *William Carson* and the new ferry *Selkirk* which is being built at Pictou to operate between Nova Scotia and Prince Edward Island. The *Selkirk* is going to cost approximately $2 million. I might also mention that the federal government's share in the Canso causeway was something over $13 million. Then again there is assistance to the trans-Canada highway in Nova Scotia. It is estimated that by the time the highway is completed it will amount to $11½ million.

Last evening an hon. member referred to the expenditures of the Department of Defence Production and I would just like to take one branch of that department, the department of defence construction, which in the Atlantic region—and here I bring in the province of Newfoundland—spent nearly $10½ million during the year 1954-55 and within the last five years has spent nearly $71 million.

I think I should call to the attention of the hon. member for Victoria-Carleton that there is a camp in his constituency, or at least part of it. I should like him to remember that in 1954-55, the last year for which figures are available, almost exactly $10 million was spent on that camp and in the last three years nearly $68 million was spent. There are also additional commitments for that particular area of $21 million. I think expenditures of that magnitude going into that area certainly belie any statement that defence money is not being spent in the maritime provinces or in that particular area.

Mr. Brooks: Mr. Chairman, may I ask the hon. member what camp he refers to in Victoria-Carleton?

Mr. Kirk (Shelburne - Yarmouth - Clare): Camp Gagetown.

Mr. Brooks: That is not in his constituency.

Mr. Kirk (Shelburne-Yarmouth-Clare): I believe I said in his area. It is not in his particular constituency but it is in his general area.

Mr. Brooks: It is a good many miles from his area.

Mr. Sinclair: You are the lucky man with all the construction.

Mr. Kirk (Shelburne - Yarmouth - Clare): Perhaps when the hon. member for Royal speaks he will be able to tell us how happy he is to have so much of that expenditure being made in his particular constituency.

As far as direct payments under the tax rental agreement in the province of Nova Scotia within the last few years are concerned, I would just like to put on the record in round figures the payments for the past five years. These are direct payments to the provincial government of Nova Scotia. In 1949-50 it was $12½ million; in 1950-51, $14½ million; in 1951-52, $15¾ million; in 1952-53, $23·8 million and in 1953-54 it was nearly $24·4 million.

Under the new proposal which is before us today it is estimated that the equalization payment to Nova Scotia for the fiscal year 1957-58 will be $17,130,000, and the standard taxes plus the equalization payment are estimated to be $26,855,000. In other words the total revenue available to Nova Scotia in 1957-58 under this tax-sharing agreement will be $27,635,000, which will represent approximately 45 per cent of the total budget of Nova Scotia. Under the present agreement we would receive $22,865,000, so the new agreement represents an increase of $4,770,000 over what we would have received under the old agreement in so far as 1957-58 is concerned. That is an increase of 20·9 per cent.

A little earlier I gave the details of the direct payments to Nova Scotia for the last five years and indicated the amount that would come to that province under the present plan, but when we are considering those two sets of figures we should bear in mind that the amounts have been increasing from year to year. At the end of each five-year period the proposals have been revised, and in every case the revision has been upward. In so far as the proposal for the next five years is concerned no one can predict exactly what will happen, but I do feel that what has happened in the past and what is happening at the present time give a fair indication that at the end of another five-year period there will be a further study made and a revision if necessary.

According to the figures I have given the position of Nova Scotia compares most favourably with that of the other provinces of

Canada. This is an excellent tax-sharing proposal. It has been brought up to date, and it is my personal feeling that it is the best we can expect under present conditions, especially when one considers all the other amounts being spent by the federal government, which I mentioned earlier. Personally I am only too happy to support the resolution, and I firmly believe the vast majority of the residents of Nova Scotia feel that the new tax-sharing proposal is an excellent one and will be of great benefit to our province.

The Deputy Chairman: Shall the resolution carry?

Mr. Churchill: Mr. Chairman, I had generously agreed to give the floor to another hon. member, but I am sure the Minister of Finance would not want this resolution to pass without further discussion.

Mr. Harris: Just a moment, please.

Mr. Churchill: I noticed that yesterday the minister was a little plaintive when referring to the short time which had been given to the resolution in 1952. I looked that up and found that only about an hour and a half had been spent discussing it. The minister should not complain because in 1952 our war troubles were still alarming and the tax agreements were just a continuation of those of 1947. The major advance in Canadian life had just begun four years ago, and the tax rental agreements of that time were carried on without too prolonged a discussion.

But the situation has changed materially. We have reached a stage where the pressures or fears of a world war have diminished. They are still present to a certain extent but they have diminished, because the possible destruction resulting from a thermonuclear war has alarmed even the most aggressive of nations. Although we have to make preparation for war in the future, the fact is that we are not in the same state of despondency regarding the world as we have been for the last few years. That has eased the pressure to a certain extent and has given us a chance to look at other matters within the state. Hence the more prolonged discussion at this time with regard to dominion-provincial tax arrangements.

I think that is the sensible way to look at this matter, because we are now on the threshold of great advances in Canada and there is no reason why we cannot look forward to a period of peace, a reduction in armaments and a general easing of tension. Under those circumstances the reasons which kept the wartime tax rental agreements in operation in Canada must be considered as having ceased to exist, and a new look should be taken at the problem.

As I see the situation at the moment, the minister has taken a new look at the pressure exerted upon him by the provinces, but it is not a very broad view. He has made modifications of the earlier agreements, but they are only modifications. I had hoped that a much larger view of the whole problem would have been taken and that the minister would have come forward with a more comprehensive suggestion. I realize that he has been patting himself on the back for the additional grants which are going to be made available to the provinces, the higher ceilings on the grants which will protect the provinces in case there is a turn for the worse in our economic conditions and the 8 per cent increase, as he puts it, in the revenues of the various provinces as a result of the increased amounts being available. The minister seems to be satisfied on that ground, but I must admit that he expressed some doubt that this plan will last without modification. I am sure it will have to be modified before too many years have gone by, because it is not possible to foresee all the problems which will arise.

I am always interested in the approach of cabinet ministers to the problems placed in front of them. A study of their speeches and expressions gives an inking of their philosophy. I should like to give three examples of this. In introducing the resolution yesterday the Minister of Finance seemed to be extremely hurried. It was difficult for us on this side to follow his remarks. I have just read them in order to get their full gist. The minister seemed to be a little anxious to get his resolution passed, or was not altogether satisfied with the proposition he was putting forward and hence was extremely hurried in his remarks. I should like to quote one sentence which he used, which appears on page 5987 of yesterday's *Hansard:*

> The payments were on a more generous scale than before.

I notice the word "generous". That is the great white father making generous payments to those beneath him.

Mr. Harris: May I interrupt just to say that I used the word "generous" to indicate "greater", not in that sense at all.

Mr. Churchill: All right; the minister has now corrected that. Then as found at page 5988, the minister used this expression:

> We have tried in every way to be sympathetic to the many legitimate provincial claims and at the same time reconcile them with our national responsibilities.

"Sympathetic"—another word that indicates that avuncular view of life. Why not simply say, "We have tried in every way to balance the legitimate claims of the provinces with the national responsibilities"? Let us not have this sympathetic attitude. Let us deal on a basis of equality. Similarly I notice that in the report of the proceedings of the federal-provincial conference of October 3, 1955, the Prime Minister used an expression which seems odd coming, as I think it did, from a prepared manuscript. It is to be found on page 15 of the proceedings, and the Prime Minister had this to say:

> These advantages are of real value, but they are not benefits for which we must ask federal taxpayers to pay too high a price . . .

I did not realize that we had a particular class in our society who were federal taxpayers alone. I thought the taxpayer was just that chap who paid municipal taxes, provincial taxes and federal taxes all from the same pocket. If the thinking of the government is that there is a special class in the community called the federal taxpayer, I suggest that thinking should be revised.

The Minister of Finance doubted that the present proposal would last for all time, and with reason, because I am sure he has looked back at what has transpired in the past concerning the relationship between the dominion government and the provinces in connection with the division of their responsibilities and in connection with the amount of money available for each level of government to carry out its functions. Last year, speaking in the budget debate, I dealt with the subject of dominion-provincial conferences and traced the history of those conferences and the purpose for which they were devised. I noted that in the first 20 years following confederation there had been no interprovincial or dominion-provincial conferences, not that there was not dissatisfaction on the part of the provinces with regard to the financial arrangements made at the time of confederation but because no one took the initiative until about 1887.

For a period of 39 years from 1887 to 1926 there were a series of conferences called on the initiative of the provincial premiers to discuss matters of concern to them. There were seven of those conferences. I omit reference to the one called in 1918 by the then prime minister, Sir Robert Borden, in order to stimulate the war effort. The other conferences were called on the initiative of provincial premiers, and the subject matter of those conferences was very largely the question of financial assistance and a revision of the subsidies paid by the dominion government to the provinces under the terms of the confederation agreement.

So the problem is far from new in Canadian life, and the fact that it was not solved in those early years led us into the extreme difficulties of the depression years and resulted in the Rowell-Sirois report and finally in the tax rental agreements. But unless we are careful for the future we may again run into difficulty, and once again in Canadian history perhaps some of the areas of Canada will find themselves in an extraordinary depressed state and increased assistance will have to be given.

At some stage in Canadian history this matter must be grappled with, and though it cannot be settled in final terms improvements can be made. It is rather astonishing that 89 years after confederation there should be areas in Canada which are economically depressed in relation to other areas. The tempo of advance has not been the same all along the line, and apparently this has not been recognized from time to time. We have reached a period in national development when I think a much greater effort can be made to correct the disparities in our national life.

Ever since I have been here I have been hearing legitimate complaints from various areas of Canada with regard to the restraints that have been placed on their economic development, and I had hoped that now, having reached this stage, having to revise the tax rental agreements, a much greater effort would be made on the part of the government to correct these errors in our national life.

I spoke about the earlier conferences up to 1926. From that time to the present there have been another seven or so conferences called at the instance of the dominion government, and called for a variety of purposes. A year ago last May when I was criticizing dominion-provincial conferences I objected to the nature of some of those conferences in the past and hoped that in the future the conferences would not take that turn. I pointed out that at one of the dominion-provincial conferences the delegates were advised that the purpose of the conference was to provide material for legislative programs for the legislatures as well as for the dominion. I recall that last year I objected to the Prime Minister announcing to the dominion-provincial conference the policy of the government with regard to unemployment, when it might better have been announced here in the House of Commons.

However, these later conferences, though dealing with a wide range of subjects, have nevertheless been compelled to deal with the same problem that affected the premiers in the earlier interprovincial conferences; how to solve the problem of meeting provincial

responsibilities with the funds that were available to the provincial governments. That problem remains at the present time. In the conference that was assembled here last October the premiers in turn made their statements, and once again their recurring theme throughout the proceedings of that conference was that provincial responsibilities exceeded provincial sources of revenue, and the premiers asked that something be done about it.

Now we have the proposal of the Minister of Finance in order to come to grips with that problem. I think he is rather disappointed that his solution has not received wide acceptance, but it has not received wide acceptance because it has not gone far enough. I think any solution evolved by dominion-provincial representatives will have to go much further than the one now before us. On its face it looks attractive. There is more money available for the provinces. There is greater protection offered to the less well off provinces. But the root of the matter has not been attacked, and that is the division of responsibility between the dominion government and the provincial jurisdictions. I note that last year I concluded my remarks in this way:

> I will conclude with this statement. Dominion-provincial conferences may continue to be a necessity for Canada. If so, they should be restricted to the core of the problem, the division of administrative responsibility between the dominion and the provinces, and the division of fields of taxation.

That remains the core of the problem. The only way in which to approach that problem is by a conference which would deal with that crucial matter and deal with it not in 24 hours or in 48 hours but over a lengthy period. I believe we have reached the stage where we must reassess the effects of confederation and re-examine the responsibilities assigned to the various governments. We cannot continue on this basis of the dominion government putting forward, in the interests of the general advancement of Canada, various schemes which involve provincial participation on a financial basis, thereby increasing perhaps the load on provincial resources, without the assumption of full responsibility on the part of the dominion.

To my mind the best example of that, or perhaps not the best example but an easy example, is the question of the trans-Canada highway. On the surface it looks to be a fine scheme for the dominion government to say, "Canada is interested in communications. The trans-Canada highway, after the fashion on the great highways that criss-cross the United States, would be a good thing for our country. This matter of highway construction is a provincial responsibility but the dominion government will assist. Let us now get together with the provinces and determine some plan of action." I do not know how many years it has been going on but it is a good many years, and we still have not completed the trans-Canada highway.

That is an example of the faltering steps this government has taken toward the solution of problems that happen to cross over into the provincial field. Why could it not be determined that the dominion government would accept full responsibility for something which has a national aspect of that character and which would be agreeable generally to the people of Canada? Why could the federal government not accept full responsibility for it and put that trans-Canada highway through? Have the provinces ever suggested that they would be opposed to having a first-class highway put through their territory without having to bear half the cost of construction of that highway? I think not.

I was interested in the October federal-provincial conference and in the remarks made by the premier of Manitoba, who is a good Liberal and who is, I think, sympathetic —and I now use that word "sympathetic" properly—to this dominion government because he has troubles somewhat similar to those of this government. I think he would like to help them out as best he could if they will help him out. Being in that frame of mind, he nevertheless was not too enthusiastic about some of the government's proposals, and he set forth very clearly the situation with regard to Manitoba. I thought some of these things might have been referred to by the Minister of Finance when he was introducing his resolution.

The premier of the province of Manitoba, as found at page 59 of this report, points out that the increase in government expenditure—and he is comparing the years 1945 and 1955 —was, for the federal government, 5·5 per cent whereas for the provincial governments the increase was 291·9 per cent and for municipal governments it was 276 per cent. Then the premier of Manitoba dealt with the question of capital investment and he showed the extent of the investment by the provinces and the municipalities. I quote his words as found at page 62:

> Over the past five years, the provinces and municipalities between them have been spending nearly a billion dollars per year on capital projects of all kinds. The federal government has been spending perhaps half this amount annually. It is noteworthy that, in these post-war years of prosperity, the indebtedness of the provinces, municipalities and their agencies has risen from

$2·977 billion in 1945 to $5·715 billion in 1953—an increase of 92 per cent. while the federal government debt has actually been reduced from $18·438 billion to $18·276 billion.

So you have there a provincial premier pointing out the tremendous increase in the indebtedness incurred by those other governments, provincial and municipal, and the more satisfactory situation of the federal government. Then, dealing with that very matter, as found at page 63, he went on to say this:

This gives rise to the grave question of how the provinces and municipalities can hope to support much greater indebtedness in the next few years—an indebtedness which may well reach about $10 billion by 1961.

In other words the provinces see a great increase in their costs; and it is for that reason that they are not satisfied with the modest increase in their revenues which will result from the proposal of the Minister of Finance.

Earlier I mentioned the cross purposes which we sometimes find in Canada because of the overlapping of the dominion and provincial fields of activity. The premier of Manitoba gave an instance of that situation in dealing with what are called shared cost programs. He points out that although the provinces are appreciative of the initiative of the dominion government in putting forward these ideas concerning shared cost programs, nevertheless they create quite a burden for the provinces. He lists 15, I think, of these shared cost programs covering the fields of health and welfare, education and labour, public works, agriculture and natural resources. I quote his words as found at page 65:

In our fiscal year 1954-55 these programs involved expenditures amounting to more than $8,500,000. For the year in question this figure represented an amount equal to 15 per cent of Manitoba's budget.

In the list of these shared cost programs he queries the dominion's attitude toward an item such as civil defence, which apparently he would be happy to see taken over entirely by the dominion authorities.

He goes on, of course, to deal with the problem of education and the increasing burden on provincial and municipal resources as a result of the increased enrolment that is foreseen in all the schools and universities. Then he suggests, not an increase in the financial contribution from the dominion government of $115 million but that something in the nature of $200 million or $300 million a year would be a satisfactory increase. For example, he says this:

We think then, that the constructive approach to federal-provincial fiscal problems is to substantially expand the federal tax rental payments in the order of $200 million to $300 million a year. Further, if we are to rid ourselves of some of the clutter, uncertainty and inevitable interference of the many shared cost programs, then the tax rental payments should be increased by an additional $100 million to $150 million annually.

Now, Mr. Chairman, this sets out the problem rather briefly. The provincial governments and the municipalities are carrying a greater share of the load in Canada than they are able to bear. Obviously if you study the statements by these various provincial premiers you will see that they feel there must be greater revenues available to the provinces. The method by which these revenues are made available, I concede, is something that can only be hammered out during long drawn out investigations and studies. We have one method put before us now by the minister, and although that method in itself seems acceptable, the amounts involved are under criticism and properly so, because the real problem has not been approached; that is the division of responsibility in accordance with the change in our life in Canada. It is the responsibilities of governments in this country that require careful study.

Yesterday the Minister of Finance was telling us that over the last 20 or 25 years some progress has been made. One method has been tried out, tax rentals, and here is another method. I do not know whether he was implying that this should go along for another 20 years and then we should take another look at it. That is rather slow progress in 20 or 25 years, just one method being tried out. Now we have found that faulty and surely the present approach should be toward an investigation of the division of responsibility as between the dominion and provincial authorities. Can we suggest that a solution has been arrived at by way of this resolution and the bill that is going to follow it? It is a stop gap to a certain extent, and it is a bit of a dole to those provinces who have no bargaining power. Really, some of the poorer provinces have no bargaining power as against this strong dominion government. Fortunately there are in Canada some provinces which have bargaining power, and they have assisted their junior brethren by standing up to the dominion government and insisting on a better deal.

I do not like the idea of the dominion government taking the stand that they are handing out charity to the poorer provinces or taking this sympathetic approach to their problems or things of that nature. I think it is a question of sharing equally in this great country of ours, giving each part of it a fair share of the national wealth that is being produced, not by the dominion government and its policies so much as by the

actions of the provincial and municipal authorities. The real work of the country is being done down at that level. The profits accruing from that work are being taken into the coffers at Ottawa. Then the authorities here seem to think that having received the profits from those activities, they were the producers of those profits.

That is not the view that is taken by the provincial and municipal authorities who have to provide the means by which the general industrial growth of this country takes place. They have to provide all the services that are ancillary to the development of industrial centres. They build access roads to develop our mines in the northern part of this country. They provide educational facilities and things of that nature. The profits come down to the central government, and then the central government thinks it has created all this wealth.

I suggest, Mr. Chairman, that a dominion-provincial conference be called devoted to the task of solving the division of responsibilities as between the dominion and provincial governments. It would have to continue for a considerable length of time because it is a difficult problem, but that is the only way we can reach a solution of this problem which has beset Canada ever since confederation.

Mr. Blackmore: May I call it one o'clock?

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Blackmore: Mr. Chairman, having in mind the considerations which I put before the committee last evening, as recorded on pages 6025 to 6028 of *Hansard*, considerations, including such matters as the moves already made in Canada, apparently directly aimed at weakening and ultimately destroying the British North America Act; having all these things in mind, one can be pardoned if he is tempted to wonder what the Minister of Finance is up to, he and the interests directing him from behind the scenes, granting there are such. Naturally we people in the opposition have to be aware of possibilities every time a move is made.

To the casual onlooker the resolution before the committee is innocent looking, innocuous in appearance, but this resolution could be, and probably is, designed to be a blank cheque in favour of Marxism. One of the great characteristics of Marxist philosophy is that very exacting taxation might be applied. This will help to explain why I used the expression I have just used.

Most hon. members do not need to be reminded that there are evil forces abroad in the world. To those I referred last evening. That the agents of evil have manoeuvred themselves into high places is well known. From such agents of evil Canada is probably by no means free. Evidence of designing mischief-makers has been apparent in times past in Canada, more times than a few. Ours are days demanding the utmost vigilance because so many are talking centralization, as I pointed out last evening.

Let us look back over the past 30 years of our history. Thirty years ago it seems the efforts of the evil powers in Canada began to intensify. Consider briefly the passage of the Bank of Canada Act and events leading thereto. According to the testimony so ably and emphatically set forth by Sir Thomas White and Mr. Beaudry Leman in their memoranda of dissent, as they appear in the report of the Royal Commission on banking and currency for Canada, published in 1933, at pages 83 to 84 and 85 to 91 for Sir Thomas White, and at pages 95 to 97 for Beaudry Leman—according to these great Canadian authorities, Canada had about as much use for the Bank of Canada as a beaver would have for an extra tail. Why, then, was the Bank of Canada apparently forced upon Canada, and by whom and for whom and by what means?

More than a little light is thrown upon the situation by a more or less casual reference in a paragraph occurring in a letter dated January 14, 1941, by Hon. W. R. Motherwell, outstanding Saskatchewan statesman and at one time a member of this house. The letter was published in the *Western Producer* of January 23, 1941. In the letter Hon. W. R. Motherwell criticized the Sirois report. The passage in the paragraph to which I particularly refer reads as follows:

> As the date of the dominion and provincial conference on the report of the Sirois commission draws nearer, the signs of systematic and increasing propaganda on behalf of the acceptance of this report becomes more and more bold, insidious and emphatic, e.g. that, as per press report, unless the seven or eight provinces that are said by the secretary of this commission to be bordering on defaulting on their bonds, accept this Sirois report, something "villainously destructive of our war efforts" is going to happen.
>
> When the press of January 7 carried this remarkable statement by R. W. Fowler one of the secretaries of assistant secretaries of the Rowell-Sirois commission on dominion-provincial relations, it became quite apparent to even a blind man, that some one must have instructed him to make this, to me, quite unwarranted prediction and for the seeming purpose of coercing the Canadian provinces into the acceptance of this report by the application of stimulating doses of familiar propaganda dropped at appropriate times, places

and occasions to check a growing suspicion that to use an old adage "all was not gold that glitters" throughout this much-lauded report. Mr. R. W. Fowler should remember that it is surely in vain for the fowler to spread the net in the sight of any bird (the Canadian provinces).

I understand from press dispatches that Premier Hepburn surmises that it was Ottawa (presumably the federal steering committee) that gave Mr. Fowler the tip what to say, but he denies it. Of course no one would expect the propagandist-in-chief would admit this, even if it were entirely correct as a "safe" man would never admit anything like that or his name would be Dennis the next time a "safe" man's services were in demand.

Evidently a further study of this voluminous, potentially well seasoned with dynamite report, was desirable before accepting it blindly in wartime at the instance of one commission assistant secretary, while another had been busy filling up our magazines and press with even more alluring and seductive descriptive dope, than that which preceded the launching of that other anticipated farmer cure-all—the Bank of Canada.

Hon. members who have heard that passage read I am sure will be impressed by such relics as those which are hidden away and which are to be found only in collections like the one which I happen to have been successful in accumulating a number of years ago.

But see now what is indicated by what this man says concerning the way in which the Bank of Canada was foisted upon the Dominion of Canada. There was an attempt to deliberately build up a public opinion in favour of the Bank of Canada. Now, if the Bank of Canada had been in demand by the people of Canada there would have been no need for the propaganda especially alluring, seductive and deluding such as occurred.

The reason I look upon this letter as being of more than usual significance is the fact that Hon. W. R. Motherwell was one of the finest public men, one of the finest statesmen who ever occupied a public position in the Dominion of Canada, either in a province or in the dominion, and he occupied both. He lived right through this period of which we are talking; he lived right through world war I; he lived right through the whole period during which the Bank of Canada was set up, and was living right through the time when the Rowell-Sirois report was being prepared to put before the people. He wrote this letter in the open forum of the *Western Producer* to draw to the attention of the people who might read it in western Canada the seriousness of the situation which was confronting the people at that time.

That passage from the pen of one of the really great Canadians merits most careful study and consideration. Notice the words "filling up our magazines and press with", and so forth, down to "Bank of Canada". You know, you do not get free access to our magazines and to our press so you can fill them up unless there is a lot of money behind you. And when a lot of money is behind anyone it is likely that he is not working for the welfare of the people; that has been proved over and over again. The Bank of Canada was represented—and I quote again the passage I read—as an:

. . . anticipated farmer cure-all.

The men who were advocating the Bank of Canada then knew perfectly well that the Bank of Canada would not cure the troubles of the farmers any more than it has done since. Our farmers are simply being crucified today, and what is the Bank of Canada doing? It is sitting with its hands serenely folded, incapable of doing anything about it and apparently not desiring to try to do anything about it.

Just imagine propaganda going out through the press in article after article after article assuring the farmers that once they got the Bank of Canada their troubles would all be ended. Just imagine what that means, Mr. Chairman. And then, after the propaganda had been going on long enough, when those who were engaged in sending out the propaganda thought they must have convinced the people, do you know what they began to do? They began to lie to the people in the maritimes, telling them that all the people out west were demanding this measure. Then they began to lie to the people in the west, telling them that all the people in the maritimes were demanding it, when the people had nothing to do with it at all. That is the sort of thing that went on in connection with the Rowell-Sirois report. Anyone who remembers those days will recall the coloured headlines an inch high which appeared in various newspapers all across the country.

The Bank of Canada was presented as a desirable institution, presented with—

. . . alluring and seductive descriptive dope.

—to use Mr. W. R. Motherwell's expression—in magazines and the press.

Somebody other than the common Canadian very much wanted the Bank of Canada, somebody with more than a little money and with quite above average influence with the press! There must be a good many hon. members in this house who know quite well who it is that exercises the greatest control over the daily press in our country. I have made references to that sort of thing in times past.

Now, the same or a similar somebody wanted the Rowell-Sirois report accepted. I think hon. members will find interesting an editorial which appeared in the *Western Producer* in the January 23, 1941, issue. I shall quote a number of small passages from

that editorial; they are revealing to all who wish to get something resembling a comprehension of the kind of thing that was going on there. Here are some statements from the editorial. It is headed "The Interprovincial Conference". Remember that the Rowell-Sirois conference between the premiers and the prime minister of Canada had by that time been held. The article says:

> The collapse of the dominion-provincial conference was the signal for the release in the press of western Canada of a flood of special dispatches and editorial comment, hysterical in tone and viciously mischievous in content. This would have been discreditable in peacetime; in wartime it is disgraceful and highly alarming. The dictionary is scoured for adjectives to damn the three premiers who refused to proceed with the conference on the terms laid down. They are treated as if they were rebels against constituted authority and the least of the accusations levelled at them is that they are archfomentors of disunity.

May I break in here to comment that these three men, Premier Hepburn of Ontario, Premier Pattullo of British Columbia and Premier Aberhart of Alberta were the three greatest figures of their time working for unity. I proceed with the editorial:

> Be that as it may, it is our considered opinion that rarely in the history of Canada have the fires of disunity been more feverishly and effectively stoked than by the press of western Canada during the last few days. Throwing away all sense of restraint, without the shadow of an effort dispassionately to assess the merits of the disagreement, with an irresponsibility unmatched in the annals of journalism, the newspapers of western Canada—we have not yet seen those of the east—set themselves deliberately to fan the flames of discord by pouring contumely on provincial governments who dared disagree with them, and voicing open and convert threats of what is to happen to all the provinces from now on. All in all, in these days of travail, a sorry spectacle.

Having heard that passage I think the minister will forgive me if I have implied that he might be under the influence of people who are not working for the benefit of Canada. Here is another passage:

> To those who followed the course of the Sirois commission since its appointment there should have been little cause for surprise in the final denouement. Mr. King's first announcement of his purpose was greeted with almost overwhelming criticism. Mr. Bennett—

Mr. Bennett was the leader of the Conservative party in the years following 1930, and I think he was one of the greatest figures who ever occupied a position in Canadian public life, notwithstanding what a good many people like to say about him. The article continues:

> Mr. Bennett marshalled all the powers of his invective in his attack upon it—on the terms of reference, the method adopted and particularly the personnel selected. It was charged at the time that the common qualifications of the members of the commission were that they were all staunch Liberals and that they shared the doubtful honour of being highly acceptable to the Canadian institute of international affairs.

Anybody who knows anything about the Canadian institute of international affairs knows that any person intimately connected with that organization is open to very definite suspicion indeed.

Some hon. Members: Oh, oh.

Mr. Blackmore: Of course there will be light laughter because there are people who are intimately associated with that organization who are just plain dupes and who do not know they are being led down the garden path, and there are others who are willing dupes and quite prepared to sell their country for less than a mess of pottage, and there are some who just do not know what they are about. Notice how significant that passage is. I continue:

> Many of the provinces protested because they had not been consulted. Mr. King, however, as was his right, refused to budge and the commission proceeded with its work.

You see how widely that differs from the principle I laid down last night in the case of William Lyon Mackenzie King. If the Rowell-Sirois commission was necessary, and if it was necessary that a division of taxation should be accomplished in Canada for the benefit of all the people of Canada, why were the provinces not called in in respect of this matter? Why were they not called into council before the Rowell-Sirois commission went to work? Well, the obvious reason was the Mr. King knew that almost to a man the provinces would resist the idea of doing the thing the Rowell-Sirois commission set out to do, and they would have objected to some of the personnel of the commission.

I might mention briefly John W. Dafoe, who was the editor of the Winnipeg *Free Press*. Perhaps I had better stop talking about him because I do not have a great deal of respect for him. At the present time I cannot think of any thing that man did which was in the interests of Canada, either in his newspaper or anywhere else; yet he was a prominent member of the Rowell-Sirois commission.

Here is another passage:

> Those who remember the reception the commission received at some of the provincial capitals, particularly at Toronto and Edmonton, surely could not have been taken by surprise at what happened last week. Mr. King himself admitted that he personally was not in favour of calling the conference at this time, but that he changed his mind as the result of the representations of the financial advisers of the government as conveyed to him by Mr. Ilsley.

Financial advisers of the government? Whom were they thinking of, and what interests did they represent? What were they

moving for? Those are all matters that need to be examined with the utmost care, but it is very difficult to examine into them because the information necessary is not now readily available to us. Here is another quotation:

> Then as to the conference itself. The press focuses attention on three provinces. They might with equal justice have emphasized the fact that only three provinces, and these by no means the strongest, favoured the terms of the report in large part. It is assuming altogether too much to take it for granted that Quebec, Nova Scotia, or New Brunswick would have adopted an attitude greatly different from that of Ontario, British Columbia, and Alberta. They did not, as it turned out, find it necessary to give voice to any opposition; they could afford to sit back, as they did, in the knowledge that the three openly dissenting provinces would do all the opposing necessary, and, incidentally, bear all the odium resulting from their stand.

I commend those quotations to hon. members and to the people throughout Canada who are trying to feel their way through the dangerous times in which it is our lot to live. The same or similar persons are probably behind this resolution, and I say: Watch your step, Canada.

Who might those hidden people be? I find a clue to that in the setting up of the Bank of Canada, to be found in the report of the royal commission on banking and currency in Canada which sat in 1933, which report I commend to the reading of hon. members of this house. That report is a perfect storehouse of information which bears most importantly upon us in these days.

Consider for a moment the members of that royal commission on banking and currency in Canada, 1933. I shall give their names so that hon. members can judge whether they would be men who would do a job for Canada. The first was Right Hon. Lord Macmillan, P.C., K.C., of the city of London, England. The city of London, England; what does that stand for? It stands for the concentration of financiers in England. In a very large measure those financiers are men of a blood which is alien to that of Anglo Saxon Celts, and they certainly are men who in no way are interested in the welfare of Anglo Saxon Celts. That has been proved over and over again, and it is still true.

The next member was Sir Charles Stewart Addis, K.C.M.G., of the city of London, England. I ask you who in his right senses in Canada would select two men from the city of London, England to come and sit in on a matter pertaining to the vital interests of Canada unless he were under pressure which he was unable to resist at the time.

The next member was Right Hon. Sir William Thomas White, P.C., K.C.M.G., of the city of Toronto, an eminently successful Canadian minister of finance during world war I. This man I regard as probably the greatest financial statesman in the whole history of Canada.

An hon. Member: What are you kicking about?

Mr. Blackmore: I will tell you in a minute what I am kicking about. This man and Beaudry Leman the other great Canadian authority sitting on that commission were smothered before the commission started its work by the bringing in of the two men I have mentioned already. The fourth member was Hon. John Edward Brownlee, K.C., of the city of Edmonton, who at that time was the premier of Alberta and whose major concern was to stop the growth of Social Credit in Alberta. There are people who think it is of great interest to Canada that Social Credit go forward. I tell you there is no doubt in the world that the only solution for our financial problems lies through Social Credit. If hon. members do not know that, it is time they learned.

Mr. Hansell: They will some day.

Mr. Blackmore: Let us hope it is not too late. The fifth member was Beaudry Leman, B.Sc., C.E., of the city of Montreal, a man eminently fitted for the position he was in. I shall not take the time to give his many qualifications, but certainly he was a very great authority on monetary matters. These men White and Leman in their dissenting memoranda to the report of the commission made it perfectly clear that in their judgment Canada had about as much use for the Bank of Canada as a beaver had for two tails. They proved their words thoroughly.

I happen to know quite a little about John Edward Brownlee, K.C., M.L.A., of Edmonton. I have no desire to cast any reflection upon him, but I believe that if he were in this house he would not hesitate to say that he had not done anything in his long life that would give him any right whatsoever to sit in on anything pertaining to banking. I say that whatever else he may have done during the course of his life as a lawyer, that would be the case.

This commission was set up with a majority against Canada before the commission heard a single word of evidence. I would wager that the commission knew exactly what it was going to find before it ever sat at all. There was no doubt in the world what the two men from the city of London would find. There was no doubt in the world which way J. E. Brownlee would go. The two men

who were probably the greatest authorities in Canada at that time were completely smothered.

What was the purpose of establishing the Bank of Canada? The main purpose of establishing the Bank of Canada, I submit, was to strangle and abolish the Finance Act of 1923, as well as to destroy the whole Canadian financial system as that system had been set up and developed by the fathers of confederation and succeeding Canadians under the British North America Act. In other words, the aim of setting up the Bank of Canada was to hew out a vast proportion of the foundation of the British North America Act by sweeping away at one fell swoop a financial system which had functioned with such admirable and enviable success up to and through world war I—I referred to this last night—and on down through the reconstruction period until the United States dragged Canada into the great depression of 1929 and the 1930's. Before I finish my speaking on this measure I am going to read from the evidence to show how splendidly Canada had done up to the time the Bank of Canada was established.

Why establish the Bank of Canada if thought was given to Canada's welfare? The commission was set up on July 31, 1933, as is indicated at page 5 of the report, and its devastating and sweeping recommendation was submitted on September 27, 1933, as indicated at page 82 of the report. In other words this body of men determined in so short a period, as I have indicated by these dates, upon a recommendation that went far toward undermining the British North America Act. The Balfour declaration of 1926, which said that members of the British commonwealth now were equal in every aspect of their internal and external affairs, was undermined by the setting up of the Bank of Canada; and the statute of Westminster of 1931 was also undermined all by reason of the fact that the Bank of Canada brought Canada's financial system in indefinite measure under foreign, if not alien control.

There are those who say that this is not the case. All you have to do is read the evidence recently given by the governor of the Bank of Canada at the hearing we had before the standing committee on banking and commerce. You will see how very cagey and cautious he was, and how he replied once or twice to the effect that if the government asked certain things the bank simply would not agree. Look at what happened to our price structure.

The Chairman: I am sorry to interrupt the hon. member, but I am obliged to advise him that his time has expired.

[Mr. Blackmore.]

Mr. Blackmore: Thank you, Mr. Chairman. I have no desire to infringe. I shall be back again.

Miss Aitken: Mr. Chairman, in speaking on the resolution today I want to take one phase of dominion-provincial relations, education. This is supposed to be a very delicate subject because we are told, especially by the government, that any grants to the provinces in aid of education would be an invasion of provincial rights. I believe we have reached a very real and very serious crisis in education. To say that federal aid would be an invasion is like a fire chief telling an Englishman that he cannot go into his house to put out a fire because an Englishman's home is his castle.

It is true that under the British North America Act the provinces have exclusive jurisdiction over education. That is the way it is and that is the way we want it, but it seems to me that does not stop the federal government from giving a helping hand this year anyway, from the large estimated surplus of money that has already been paid by the taxpayers. Health is another item under provincial jurisdiction as set out in the British North America Act, but you do not hear the Minister of National Health and Welfare being particularly quiet about the grants he is giving to the provinces to help them to build hospitals, and there does not seem to be any undue modesty or embarrassment about the suggested health scheme which would be contributed to both by the provinces and the federal government. Certainly there have been no complaints from the provincial governments with regard to the grants that have been given for hospitals.

Therefore I do not believe it would be an invasion in any way, because education has gone far beyond the lower levels of government. When the British North America Act was drawn up children were educated and trained for life in their own local communities, but today children must be educated and trained for life in the whole country, in fact for life in the whole world. In a book published earlier this year entitled "Canadian Education Today" there is this observation:

> Education is a function of the province, a responsibility of the community and the concern of the whole nation.

I believe that education is an essential social service today. It is just as essential to the federal government as it is to the local or provincial governments. After a survey by the Canadian school trustees association last year, this statement was made:

> Much of the cost of the local school is due to national requirements. National defence demands that the basic education in all parts of the

dominion be thorough and extensive. Canada's development as an industrial nation can continue as it should only if local schools provide the basic education for scientifically trained personnel. Technical education must be provided for an increasing percentage of youth.

Education has taken on a national significance since the fathers of confederation drew up the British North America Act. The type of schooling that was adequate 50 years ago is no longer good enough. I believe that our education is falling below acceptable standards. The criterion, unfortunately, is dollars and cents, and it certainly is a wrong criterion. If our educational standards are falling below acceptable levels, then not the least of the sufferers will be the federal government. As the trustees association said, the federal government is dependent upon the provinces and the municipalities for the basic general education of the people it needs, including engineers, civil servants, armed forces personnel, scientists—yes, and cabinet ministers too. Education is of such national importance that the federal government should make certain that it is not allowed to fall below acceptable standards. I think we all feel that education is becoming a grave national problem, and no small part of local school costs is due to national requirements. Indeed, schooling has taken on a national significance.

Earlier this year the President of the United States called in representatives of some 300 organizations to participate in a conference on education. I think that would be a good idea for us to follow. The vice president of the United States recognized at that conference the national importance of education when he asserted that it was education that determines the quality of our statesmen who are endeavouring to keep peace. It is education that determines the character and leadership of our religious men who are responsible for our spiritual standards. It is education that determines the character and leadership of management and labour, of our cultural life and of those who will determine this nation's future, the electors themselves.

Vice President Nixon said at that time:

> We should recognize that some additional federal activity and responsibility is inevitable and necessary in the field of education.

I believe that Canadians must recognize this realistic fact too, and I do not believe that education grants from the federal government would in any way threaten provincial rights in education. Canada is richly endowed with great natural and human resources. It has been pointed out by many of our intellectual leaders that we are concerned more with our natural resources than we are with our human resources. Education is the main tool necessary for developing a country's human resources, and I believe the time has come when the federal government must help fashion that tool and then the provincial governments will finish the job.

My interest in the problem of education is not purely academic. In the House of Commons I represent a suburban constituency where education is becoming an ever-increasing burden. We have a shortage of classrooms and a shortage of teachers. Communities are springing up overnight and schools are too small even before their construction is finished. Classrooms are so crowded that the hours have to be staggered so that all children in the communities can go to school. This is true of my constituency, and I am sure it is true of many parts of Canada. The school population is increasing at the rate of 150,000 a year. In 1951 there were 2½ million school children in Canada. Today there are 3½ million students enrolled in the elementary and secondary schools. Five years from now this situation will be even more complex and certainly the schools will be more crowded. As of June 1, 1956, there were 97 per cent more children under the age of five years than there were on June 1, 1941. Every one of those children must be given a good education; every one of them must be given a good education free. We believe that is the right of every Canadian child.

Even today education is one of our biggest problems, and it will become greater in the future. I believe it must be faced by all levels of government. Up to date the federal government just shrugs it off with a holier than thou attitude on the basis that it would be interfering with provincial rights if it were to do anything. Local governments are the poor relations with respect to the tax dollar, yet local governments carry most of the education burden. Municipalities are paying 65 per cent of education costs and the provinces are paying 35 per cent.

This really means that the home owner is carrying almost the complete tax load with respect to education, yet education goes far beyond the local community. Young people, wherever they are from Newfoundland to British Columbia, are being educated not for one municipality or for one province but for the whole of Canada. But it is the home owner who is paying two-thirds of the school costs.

Then, too, this system of financing education at the local level certainly fosters inequalities in education. Some communities have more tax resources than others, and some communities can have better teachers and better schools. At the present time there are 5,142 untrained teachers teaching in our

schools and 3,744 partially trained teachers. It seems to me that this is a very bad situation, and one which is going to get worse. We boast of equal educational opportunity for all Canadian children; but again, because of dollars and cents, the opportunity is not equal.

A few years ago there came out a little book by George Orwell called "Animal Farm" and in it he made this sardonic observation:

All pigs are equal but some are more equal than others.

So it is with respect to our educational opportunities; some are more equal than others across Canada. The trustees association has stressed this fact by pointing out that all children do not have equal opportunities to get an education and that they are dependent on the taxpaying ability of the district in which they live. It is true that money cannot buy education. However, it can supply the tools; and the quality of education depends upon the teaching or upon the quality of those tools. The highest quality of teaching should be and could be available to all Canadian children. If the federal government would assume its share of educational costs, there would be equal opportunities for all children to get an education.

I have dealt only with the elementary and secondary school education because they are of vital concern to the people in my constituency. But as everyone knows, higher education is shaping up as an even greater problem for us to face in the future. In the past young people could earn enough money during the summers to put themselves through university. Today such a thing is impossible. If they earn enough to pay their fees they are lucky.

In May of this year the University of Toronto was obliged to raise its fees by 11·2 per cent and Dr. Sidney Smith, the president of the university has indicated that it probably will not stop there. Higher education should be available to all who have ability, and not just to those who have the ability to pay for it. At the rate we are going, higher education may well become just a rich man's privilege in this country. In a brief presented to the royal commission Dr. Sidney Smith summed up the situation in these words:

University courses are still much too expensive for a great many of our population. Equality of opportunity is a fine-sounding phrase; it will not be a fact in our democracy until the universities can enrol able students irrespective of the financial situation of their parents.

Tuition fees have been raised repeatedly in recent years . . . We have not been receiving from governments financial support that is worthy to be compared with what universities receive in Great Britain or the United States.

[Miss Aitken.]

Mr. Chairman, I believe the time has come when the federal government must find a means of paying its share of the cost of this essential service, namely education.

Mr. Hansell: Mr. Chairman, one of the particular reasons we oppose this present resolution was expressed by the leader of our party the other day, when he stated that this bill is being passed without receiving the approval of the provinces. The government is now proposing to write into legislation something which the provinces may not accept. By doing so they are contributing to what we regard as an undesirable principle, namely the principle of the centralization of government or the centralization of power. That is a principle that is contrary to what we deem to be our free democratic way of life.

I think I can say that this central government now seated at Ottawa has become extremely powerful over the last few years with all the legislation it has been able to build up around it. Almost all the legislation which it proposes has the effect of solidifying its policies not only in the industrial world but in the economic and monetary fields. The more power that is given to governments, the less power remains in the hands of the people. We believe that a government should give a lead but that it should never impose its will. This resolution which precedes a bill has all the earmarks of attempting to impose the will of this government upon the provinces.

Once again I say that for democracy to function properly a government should lead, not impose its will. We in the Social Credit movement believe in the autonomy of the provinces. We do not believe we can go wrong in attempting, at every hand, to protect the rights of the provinces. One reason we believe that is that the provinces are nearer the individual than the centralized government at Ottawa. Once again I say I do not believe we can go wrong in principle by protecting the autonomous rights of the provinces.

I do not think we need to go very far abroad to recognize that this principle of the autonomy of the provinces is acceptable to the people of the provinces and the people of Canada as a whole. I think Mr. Duplessis is an example of that, for he has had remarkable success in winning elections on the basis of his determination to protect the autonomy and rights of his own province. Whether or not we agree with his platform in provincial elections is another matter. I am only saying this to illustrate that the people themselves are supporters of provincial autonomy. They do not like the central

government, living a long way from them, dictating what their particular provincial government should do.

I believe that is where we differ with our C.C.F. friends. I listened very carefully to the speech given the other day by the leader of the C.C.F. party. In my opinion it savoured of centralization. He indicated that this government must have the power to do certain things. Our position is that this government should be in a position to lead the provinces in such a way that the provinces can do certain things for themselves.

This government has boasted of the high economic level that presently exists in Canada. They boast of their surpluses. They say that Canada has never had it as good as it is today. They appear to me, at least, to take all credit to themselves for what we will admit is a fairly high economic level.

Let me remind you, Mr. Chairman, that the provinces have been largely responsible for this high level of economic activity in this country. It is the provinces who have encouraged investment in business enterprises within their boundaries. I say, therefore, that the provinces have been largely responsible for the high level of business activity in this country. Ontario and Quebec are the two mainly industrial provinces of Canada. They have so managed their affairs that perhaps they have attracted industries over the years. Nevertheless those two great industrial provinces are managing their own industrial expansion. This central government has very little to do with the encouragement of business enterprise in the various provinces, unless of course it is in the awarding of certain defence contracts to certain firms who may operate within those two particular provinces.

Let us take Alberta as another very prosperous province. What has this government done to actually encourage the development of that province? Surely some credit is due to the present local administration in Alberta for the high economic level we find in that province. Well, so far as I am able to observe many of our Liberal friends have gone out in an attempt to destroy the policies of that government, which in the last couple of decades has virtually built that province into a new economic power. Therefore surely the provinces have some credit coming to them for the high economic level which Canada is enjoying today. My leader says, "the major part of it". I should not depreciate my remarks by saying the Alberta government have some reason to take some credit. I think they deserve practically all the credit, for they are the ones who encouraged investment in business expansion and in the exploitation of their natural resources in order that the province may benefit thereby.

Let us take British Columbia, for instance, and the great expansion that has taken place there over the past few years, and I am bold enough to say since the election of the present Social Credit government of that province. I picked up the *Financial Post* of March 17 and found one section in that paper devoted to the great expansion that is going on in the province of British Columbia.

Let me ask what part this central government at Ottawa has been playing in that respect. Here I find a full page of articles headed, "Prancing prosperity of Canada's west coast". I like that caption. It is prancing like a healthy steed, ready to win a race; and it is going to win, believe me. That is the first page. Here is the second page, "How and where B.C. industry is going". The third page heading is, "Why B.C. may stir some of the hottest future mine news". The heading on page 4 is, "Bustle and boom in B.C. towns". On page 5 the heading reads, "Here is how B.C. industry will grow"; a whole section devoted to it. The heading on the next page is, "Here is how west coast communities are growing". Another page reads, "What gas line will mean". The next page reads, "The fight about the B.C. forest future". Another page says, "Here's how B.C. fisheries can grow".

Mr. Gauthier (Portneuf): B.C., B.C.

Mr. Hansell: No, it is "B" as in boy, not "P" as in that word that means nothing progressive. Here is another one in big headlines, "They're Betting $180 Millions More on B.C. Bush". Here is another one, "Here's Growth Record of B.C. Towns". Here is still another one, "Here's Key Asset For Future"; and still another one, "B.C. Farm Cash Income Near Record '51 Level". Here is another one, "The Big B.C. Electric Plans for Gas". On the next page we find the following, "B.C. Oil, Gas Hunt Keeps Up". Here is another page, "B.C. Growth Communities".

There is a whole section of the *Financial Post* devoted to these matters. Now, the *Financial Post* does not write up news of that kind without having some foundation for it. British Columbia is becoming a powerful province. The high economic level that is experienced there is due almost entirely to the social credit government of British Columbia which is encouraging industry in that province.

Mr. Fulton: I must say that that is absolute nonsense. I never heard such rot in my life.

Mr. Hansell: I say once again, Mr. Chairman, and I am using these illustrations as illustrations to prove the point, the high economic level that is being experienced in Canada today is almost entirely due to the provinces themselves encouraging the expansion of industry.

Now, Mr. Chairman, there is one policy over which this government has almost complete control, and that is the monetary policy of the country. Those provinces have been able to expand not because of the monetary policy that this government is pursuing but in spite of the financial policy this government is pursuing. If this government were pursuing the right and proper financial policy, those provincial governments could expand industry in the provinces without a terrific trail of debt and excessive taxation.

The municipalities in those provinces find it very difficult to get through without excessive taxation which is almost breaking the backs of the taxpayer. The other day I had a letter from a group in the town of Nanton, an average-size community in my own constituency. They had set up a committee to investigate the possibility of bringing industry to that little town. Why? Because they felt that in order to relieve the tax burden of the people the town would be better off if it could have some industries established there. Let me ask what this government has done to encourage the establishment of small industries in any small communities? Why, they hardly know that those small communities exist until it is income tax collection time, and then they know because they send their inspectors around to see that the individual taxpayer is not beating the government out of a few dollars of taxes. In saying this, I am not countenancing for one moment the idea that anyone should evade the just laws of the country. When municipalities find difficulties in getting through without imposing almost unbearable taxation upon the people it is because the individual taxpayer himself has difficulty in getting through. And here is where we come to the monetary policy which this government is pursuing. Not only does it leave the provinces in a difficult financial position to get through, but it leaves the municipalities in a difficult position to get through, and it leaves the individual taxpayer in a very difficult position in order to make both ends meet in his common, ordinary everyday spending for the necessities of life.

If this government were pursuing a proper economic policy, the people would not have to go so heavily in debt and mortgage the future in order to live. Let me put it to you in this way, Mr. Chairman. These provinces have encouraged industry to develop within their own boundaries. Industries have developed; industries have produced the goods. They go on sale and people buy those goods. Coming from the process of industry is a certain amount of money that is distributed to the people in the form of wages, in the form of profits, in the form of dividends, and so forth. Since the provinces have encouraged industry, and by reason of that encouragement, the national income has reached a certain level.

This government then comes along and capitalizes on the effective operation of provincial governments in encouraging industry, and this government then receive their revenues from that prosperity which has been mainly due to some of the provinces encouraging industry. Very well; not only is this government enabled thereby to build up surpluses in their treasury, but let it be remembered that the individual taxpayer who buys the products of industry finds that he has not enough money to be able to buy those products of industry. The result is that if they want to acquire the products of industry they have to go into debt to acquire them. We find that instalment buying in Canada today has reached almost $2¼ billion. I have the exact figure here somewhere. It does not make any difference; it is well over $2 billion. Just what does this mean? It means that where the taxpayer has gone into instalment buying to the tune of over $2 billion he has mortgaged his future income to that amount. It means that his future income is not then able to buy the products of industry that are now coming off the assembly lines because his income has been hypothecated to pay for something that came off the assembly lines a year or two years ago. Of course, it leaves the taxpayer that much short in his present income to buy the products of industry today. Why is he left short? He is left short by reason of the fact that the monetary policy of this government is of such a nature that it never provides the consumer public of this country with the purchasing power to buy back the products of industry. So here we have the taxpayer short in his income, owing bills for things that he has bought on the instalment plan, and he also finds himself with his nose to the grindstone in order to get enough money to pay the various taxes that are imposed upon him. It is most improper to tax everything the wage earner has to buy. Regardless of what he wants to do he has to pay a tax on it. If he wants to get married he has to buy a licence; that is a tax. If he wants to own a dog he has to pay a dog tax.

Mr. Pickersgill: Not to the federal government.

Mr. Hansell: If an individual wants to buy anything he has to pay a sales tax. Regardless of what he wants to do or buy there is a tax somewhere which he must pay and what he has left to live on is very little. Surely in a country the size of this with its vast wealth of natural resources and industrial production the people should have incomes sufficient to permit them to pay their way.

I picked up a paper the other day and I have brought it with me with a view to referring to it by way of comparison. The material on the front page struck me rather forcibly. On the front page of the Ottawa *Citizen* of Saturday, July 14, 1956 is a large aerial view photograph of a highway which is being built in Germany. The picture is captioned "This is not Carling Avenue" and beneath the caption the following appears.

An eye-catching pattern is formed by the new Autobahn highway junction, Germany's biggest and most modern, outside Frankfurt. The clover-leaf in the background connects the Berlin-Munich, Cologne-Nuernberg and Munich-Kassel-Hamburg highways. The junction in the foreground serves traffic to and from Frankfurt. The circle in the lower right is in front of the Frankfurt airport entrance. Built in a year, the giant junction was opened to traffic on July 10, closing the link in Germany's vast Autobahn system.

I mentioned that picture today simply to indicate what has been done in a country that was supposed to have been dead broke. Germany went through a war and was overwhelmingly defeated, its industries were destroyed and its cities demolished. I was in Germany not too many years ago and I took a trip to some of the devastated cities which had been levelled to the ground. Within the space of a few years Germany has been able to build up its industrial cities to a point where it has now become a strong competitor in the markets of the world.

I realize that I cannot deal with the work of the federal district commission here but I would like to mention that I have been sitting as a member of that committee and we have been told that their plans will be finalized 25 years from now. Surely there is something wrong with the management of the affairs of this nation as compared to some other nations when a country as well equipped as ours requires 25 years to complete a project and yet a nation that was supposed to have been dead broke following an ignominious defeat in war was able to complete a project such as this within a few months. It is time that the government accepted a little advice from some other people and some other parties in this country, and I am bold enough to say it should accept some advice from this party because we must recognize the fact that no government knows it all.

Mr. Dupuis: Only the Social Credit party.

An hon. Member: Well, we come closest to it.

Mr. Hansell: As we sit here in this house what do we find? The government brings down legislation; they know it all and that is it. The opposition tries to point out the weaknesses in it and proposes certain remedies; but, oh no, if it is proposed by any member of any opposition party it is never acceptable to the government. This government assumes that it knows it all. Here we have before us a resolution preceding a bill which once more indicates that the government thinks it knows more about it than the provinces. The government is prepared to write into legislation the principle of centralization. It is about to write into legislation something which it does not even know is acceptable to the provinces.

I would like to know if this is acceptable to the provinces. Which province has indicated that it is willing to go ahead with this matter now? The minister said the other day that several provinces have indicated they have no objections. Well, it is one thing to express something negatively and it is another thing to express something positively. Let us know what province has written to the government and said, "Here, we favour that resolution; go ahead."

Mr. Dupuis: That would never happen.

Mr. Hansell: That would never happen, of course not, and I do not blame the provinces if they do not permit it to happen.

Mr. Dupuis: Even if you gave them the moon.

Mr. Hansell: What should happen is that the provinces themselves should be called together in the first place.

Mr. Pearson: And given everything they want.

Mr. Hansell: I would have no objection if the government were to initiate a conference and then say to the provinces, "We will now step out of the picture and you provinces can put your heads together through your premiers and finance ministers and the other members of your cabinet to see just what can be done in coming to some mutual agreement, and whatever you decide then propose your plans to us and we will attempt to meet them."

I know that the minister may smile and say, "Of course, that is not very practical." I will therefore tell him something that is

extremely impractical and that is to line something up, have it written into the law and then call the provinces together and say, "There you are, boys, that is it; take it or leave it. That is what we are prepared to do and nothing more". That is extremely unsatisfactory. It is undemocratic and against all the principles of the free way of life which we believe governments should sponsor.

The Deputy Chairman: Order. I am afraid I must inform the hon. member that his time has expired.

Mr. Hansell: I am very glad, Mr. Chairman, that you informed me my time has expired because as I look at the notes I hold in my hand I see the word "conclusion" and I am forced to sit down. I repeat, Mr. Chairman, that we are opposed to the principle of centralization as depicted in this resolution.

Mr. Hamilton (York West): Mr. Chairman, first of all let me assure you that I have no newspapers to read to tell you about the wonderful expansion that is taking place in the province of Ontario and I have no notes here indicating when I should conclude my remarks, and therefore it may well be that I shall ramble a little bit today. Perhaps one of the reasons I might ramble will be explained by my initial comment in that I feel there is very little new which I can offer in this debate. I have no apologies to make for that because it seems to me that the only way to get across to the government the plight of the provinces, and more particularly the plight of the municipalities, is to repeat over and over the situation which confronts those levels of government. As a matter of fact I am surprised that more attention has not been paid to some of the problems which affect our municipalities. As I said once before, I have noted in the Parliamentary Guide the wide municipal and board of education experience which a great number of hon. members possess. However, once they arrive here the great federal problems that confront them apparently bury in their minds the real problems which they left in their municipalities.

It has been emphasized before, but I want to say again, that during a period of stress and strain of war we expect a trend, in these days at least, toward centralization, and I might use the term autocracy, in government. This method has been used in order to get things done. It is not a method, but rather an excuse to get things done. As a result many of the problems facing the municipalities and provinces are submerged in the over-all attitude that is adopted.

But when peace comes—I say this advisedly, notwithstanding the great problems which face the Minister of National Defence at the present time—there is a great necessity to return to a system of government which is more decentralized, which comes closer to the people, which gets down to the grass roots and enables the municipalities and the provinces to provide an expansion of services for industry which in effect will raise the standard of living and make the tax load easier as far as all levels of government are concerned.

I think that one of the major problems facing us right now in connection with this legislation is the difficulty of convincing the government that the stage of centralization and autocracy which found its place in a period of emergency is over, and it is about time we returned to the people who are closest to the tax dollar sufficient tax revenue to enable them to expand their economy.

This is a serious problem and I am not going to deal with it at length because we are going to have an opportunity to look at the legislation during its subsequent phases. However, I was most impressed with the remarks of the hon. member for York-Humber who said she represented a suburban constituency which was part of metropolitan Toronto and that the great problem which was confronting that area was the one having to do with education. I think that that represents one of the major problems in so far as the obtaining of necessary tax funds is concerned. The hon. member mentioned in that connection that 65 per cent of the amount required came from real property with 35 per cent coming from the province. The major load falls upon the home owner and this creates a major problem.

Just the other day I received as a taxpayer a letter from the clerk's department of the township of Etobicoke, which is one of the three municipalities which make up the constituency of York West. This letter is written in a rather apologetic manner but it points out the problem that is created by educational costs and what the municipality is running up against. The letter reads:

> This letter is written to bring the matter of multiple occupancy in single family areas to the attention of all home owners and explain as clearly as possible the scope of the zoning by-law in respect to occupancy and the necessity for the enforcement of said provisions.

I skip a few words.

> 1. Scope: The township building and health regulations provide further that no cellar shall be used as habitable space and this restriction applies to all cellars regardless of zone.
>
> The contravention of these by-laws by a minority of the property owners affects not only

the adjacent properties but also the economy of the township as a whole in many ways including the following:

The letter goes on to set out the ways in which this affects the standards of the community, and then there is this paragraph:

(3) Additional families in a dwelling require additional services such as sewage disposal and garbage collection which obviously must be paid for. In this respect, however, the financial effect is most apparent when educational costs are considered which at present are approximately $225 per pupil in public school and $425 in secondary school.

The Minister of Finance may say that that is a particular problem affecting a small part of my constituency, that if there are people living in a zoned area which does not permit multiple occupancy that is no concern of his. But I would point out that from the municipal standpoint it is absolutely essential that every person be accounted for in connection with this requirement of $225 per pupil in our public schools and $425 per pupil in our high schools. Unless everyone is accounted for the money for educational purposes is not going to be available.

What will happen is that many of these people who might be quite happy to contribute their share of the educational costs are going to have to go out on the housing market. We will be confronted with a situation which is entirely different from the attitude taken in connection with financial responsibility. The government has been telling us that housing is going along fine, but the fact is that we are faced with a restriction in the granting of credit for the building of houses. Regardless of what is said by those who sit on the treasury benches, it is quite obvious to anyone who is close to the market that it is becoming more and more difficult to build necessary houses. In fact at the present time it is almost impossible to build houses that people can afford to buy.

Here is a situation where people are being put out of housing accommodation because of the necessity of eking out the last dollar which the municipality can make available for educational purposes. At the same time they are being told that there is no place for them to go. That indicates how serious the situation is at the present time. Unless more attention is paid to an equitable distribution of the tax load in connection with education we are going to be faced with a lowered standard of education. That is the last thing we want to have happen in this country.

What do we do about it? I do not know. We have had conference after conference in connection with the distribution of taxes and we do not seem to be accomplishing very much. I am wondering whether the people from the federal government who sit around that table realize that they are continuing the grasping attitude which they adopted during a wartime economy. It seems to me it is about time that they approached it in a new way or it will be too late to assist these people at the level of municipal taxation. The last time I spoke about this I mentioned that the situation was serious because we can get back to the position we were in during the depression when municipalities could not meet their obligations and there was default. As a matter of fact, I have read several headlines in local newspapers indicating that people were already being put in a position where they were forced to sell their homes and move farther and farther afield to escape this type of taxation.

Therefore I think my leader was quite right when he suggested that there should be a reconvening of this dominion-provincial group and that a new approach might be made to a more permanent type of solution. For my part I have said before that I do not think we will have a true attack on the economy of government until the time when the people who actually spend the money collect it. I do not mean by that that they must set up the mechanical means of doing it, but I think that somewhere along the line when collection is made it must be obvious that the money is being collected for certain purposes. Someone will say that the dominion government has always been in that position. Fortunately for them they are in the happy position of always being able out of their revenues to balance any detrimental effect on the public by saying we have got a new deal for you, we have got an increase of some kind in some type of allowance, we are going to introduce a new type of pension or we have got up our sleeve a new type of health insurance. In that way they are able to get a shot in the arm because the people say that they are collecting these taxes for purposes that are very good for the country. But along the line there will have to be a solid approach to the basis of collection of moneys and the spending by the same agency. Let us hope, as I said before in paraphrasing Mark Twain, that we will not all continue to talk about municipalities and do nothing about them.

Mr. Patterson: Mr. Chairman, in taking part in the debate on the resolution now before us I should like to begin my remarks with a paragraph from a history book entitled "Building the Canadian Nation" by George W. Brown. The paragraph is as follows:

I see in the not remote distance one great nationality bound, like the shield of Achilles, by the blue rim of ocean. I see it quartered into

many communities, each dispensing of its internal affairs, but all bound together by free institutions, free intercourse and free commerce. I see within the round of that shield the peaks of the western mountains and the crests of the eastern waves, the winding Assiniboine, the fivefold lakes, the St. Lawrence, the Ottawa, the Saguenay, the Saint John and the basin of Minas. By all these flowing waters, in all the valleys they fertilize, in all the cities they visit in their courses, I see a generation of industrious, contented, moral men, free in name and in fact, ever capable of maintaining in peace and in war a constitution worthy of such a country.

Those were the words, Mr. Chairman, of D'Arcy McGee on the day when Canada was born. I am sure that those words expressed not only the hopes and the views of D'Arcy McGee but the hopes that were in the minds of all those great Canadian statesmen who, beckoned on by that glorious vision, cast aside their prejudices and worked together to achieve union of the provinces into the federal state as we now have it. We are privileged to view their labours from the vantage point of history. We can appreciate the prophetic vision which inspired them. We can share in the fulfilled dreams of a united Canada and we can also contribute something to the enhancing of those ties which bind together those of varying racial origins, religious beliefs and political persuasions.

As we turn back to history we find that some of the factors which were instrumental in the bringing together of the nation into confederation are outlined. I have read, for instance, of the civil war in the United States. Following the victory achieved by the northern forces some of the extremists expressed the view that their next objective should be the conquest of Canada and the freeing of the entire North American continent from British domination. Because of the expression of those views the early statesmen believed that in order to maintain an effective defence it was necessary that the provinces of Canada bind themselves together in union. One of these men, George Etienne Cartier, said:

If we desire to obtain England's support for our defence we must help ourselves. When we are united the enemy will know that if he attacks any province he will have to deal with the combined forces of the empire.

Defence was one of the factors that inspired these men to work towards the achievement of the union of the provinces. Trade was another factor. A crisis in government affairs more or less brought the whole situation to a head. Then we find in subsequent pages of history how the maritime provinces gathered together and had a conference to discuss the question of maritime union. At that conference some delegates were present from the Canadas, and as the discussions progressed they had a vision. A vision was born of something greater than maritime union, and that was the union of all the provinces of Canada.

The result was that a further conference was held in Quebec when resolutions were drawn up with the aim of providing a strong national government while at the same time leaving the provinces free to control matters within their own borders. We are all acquainted no doubt with the history of what happened and how that conference led to the London conference attended by 16 delegates. They used the resolutions drawn up at the Quebec conference as their working papers. They presented their findings, and the result was that the British North America Act was passed by the British parliament. So we find that through a process of negotiation, conferences and finally agreements Canada as a federal state was brought into being.

I think we should have appreciation for the achievements of the past. Just a short time ago we saw portrayed on television the history of confederation, and I am sure that we shared some of the pride of belonging to such a country as ours. I believe that the preservation of confederation is a matter of primary concern at the present time. Because of that belief I would sound a warning, as other speakers have sounded warnings, that the procedures followed by the present administration are tending towards a breakdown of that very same confederation that we so much cherish. By legislation, by practice, by economic pressures—in all of these ways—I fear that we are coming to the place where confederation may be getting into a rather shaky position instead of being strengthened with the passage of the years.

We find that the provinces themselves are taking a very dim view of many of the activities of this present administration. I have here in my file a number of newspaper clippings. I am not going to take time to read them all, but I am just going to refer to them because I feel that they indicate some of the feeling of the provinces with regard to the attitude of the federal government toward the provinces and toward provincial autonomy.

I have here a clipping from the Ottawa *Citizen* of February 24, 1955. I know we do not like to be reminded of these things, and I know some would say the very fact that we express these thoughts and refer to them tends to aggravate the situation. However, I am not in agreement with that deduction. The title of this article is "Overtones of secession in Angry P.E.I. House" and it reads in part as follows:

An angry murmur of maritime discontent with overtones of secession sounded Thursday in the legislature of Canada's tiniest province.

Opposition leader R. R. Bell told the Prince Edward house the province is getting "a miserable deal from Ottawa". If it continues unity would be undermined. He said that since 1873, the year the province joined confederation, "we've had nothing but blood, sweat and tears."

Then further on in the article, referring to the Minister of Citizenship and Immigration and one of his statements, Mr. Bell had this to say:

If he—

That is referring to the Minister of Citizenship and Immigration.

—was to come over here and say we couldn't leave confederation, I'd tell him "who is going to stop us."

That, I must say, is by the Canadian Press.

The Ottawa *Journal* of June 21, 1955, contains large black headlines "Smallwood Would Secede", under which appears an article which reads in part as follows:

Premier Joseph Smallwood threatened last night to lead Newfoundland out of confederation with Canada unless the federal government stopped discriminating against the four Atlantic provinces, including his own . . . His threat of quitting Canada was given added weight by the presence of Premier Henry Hicks of Nova Scotia, a Liberal, and Premier Hugh John Flemming of New Brunswick, a Conservative. Flemming introduced Smallwood in glowing terms and Hicks praised him for "talking the way we should in the Atlantic provinces".

Then I go to a brief paragraph further down in the article where I find the following in quotation marks indicating that they are Mr. Smallwood's own words:

"Before we become second-class citizens of Canada, we will show the other maritime provinces how to get out of confederation." There was a storm of applause from the audience.

Mr. Chairman, it does not look as though the foundation of confederation were being strengthened very much when provinces and provincial premiers would give expression to such views and would threaten, if the situation continued, to lead their provinces out of confederation.

I have before me a clipping from the Ottawa *Journal* of Saturday, April 14, 1956. It is headed "Maritime premiers critical of Ottawa". I am just going to read one or two very brief statements:

Premier Flemming said as far as New Brunswick is concerned the new agreement is worse for the province than the old one.

Another paragraph reads as follows:

Mr. Matheson said his province probably fares the worst of all under the new scheme. Premier Hicks said if his province's proposal to equalize taxation payments had been accepted all three maritime provinces would have benefited.

Again I say, Mr. Chairman, that when we have expressions like that, where we find that people are not only thinking in this way but are voicing the opinions that the province could probably secede, we have evidence that the proposals themselves which have been presented to the governments were far from satisfactory. I would suggest that right across Canada there is a growing feeling that the dominion government are not playing fair with the provinces. They are centralizing more and more power and authority here in the federal government; they are assuming more power; they are trying to wield greater influence. All this is far from bringing comfort to the provinces in their particular situations.

I think that this resolution and the draft agreement that we have tabled some time ago indicate a failure on the part of the federal government properly to assess the position of the provinces in these proposals. During the course of the debate reference has been made to a number of important factors indicating the ever increasing demands that are being made on the provincial and municipal authorities. Reference has been made to education. A number of members have spoken of this particular phase of our national life. The leader of the official opposition stated that the situation could possibly result in tragedy. So as we face that particular issue and as we see the ever-increasing demands being made upon the provincial and municipal authorities with regard to education, we can see that the proposals that are being presented to the provinces are far from adequate to meet the challenge of these increasing costs.

Reference has been made to road construction. I know that the Minister of Finance referred to the fact that $82 million had been paid out thus far as the federal government's share of the cost of construction of the trans-Canada highway. In view of the fact that every province is facing the tremendous program of expansion and in view of the importance of adequate roads and transportation facilities, I would suggest that the $82 million is a very small part for the federal government to pay toward these increasing costs. I would also suggest that because of the building of roads—access roads to the natural resources, and roads of every description—the country is being opened up with the result that great new sources of revenue are being opened to the federal government. Yet, in spite of that fact, the federal government refuses to assume the additional cost or to share the additional cost so that the provinces can continue to develop in the way they should develop. As to the development of national resources and the cost of health

and welfare, I know that the federal government has assumed some share, but I suggest that that share is extremely small indeed in comparison with the needs that exist.

Another problem that we face to quite an extent is that of conservation. I know that in British Columbia, in my own riding to a great extent, we are faced with a problem of trying to save for agricultural purposes what little arable land we have. The rivers are gradually eating it away. Yet when we present the matter to the federal government, what do we find? I know we received some assistance in the past.

I was rather disconcerted the other day to receive a letter from one of the municipalities saying the federal government had refused to pay anything towards the cost of protection there this year. I have not had time to discuss it with the Minister of Public Works, but I certainly will. Let me just refer to one particular section to which I have referred earlier. I see the Minister of Northern Affairs and National Resources is in his seat and he will recall my reference to this matter on a number of occasions. It concerns the flood danger existing in the Vedder river area. I have made repeated requests and my predecessor made repeated requests; the provincial minister of agriculture has been down here presenting the matter and showing aerial photographs, but yet the federal government cannot see its way clear to assuming any responsibility. They say it is not within their jurisdiction but let me state that according to the information we have the section up above where this particular situation exists was, up until about 1930, part of the federal railway belt. The federal government up until 1930 received in excess of $400,000 by way of stumpage and royalties from timber removed from that area. This does not take into consideration what the government received through income tax and corporation taxes. They received revenues, Mr. Chairman, but when it came to the matter of assuming responsibility they said, "We have not any responsibility; that is something the provinces have to face." Certainly, it is resented.

In 1953 the province of British Columbia presented to the government of Canada a brief on federal-provincial co-operation in economic development. It is a very interesting brief and covers many of the great problems and projects that faced the provincial government in those days just after they had taken office. The premier, minister of finance and the attorney general came to Ottawa and presented the brief. What was the result, what were the effects? Well, we have not seen them. I suppose the cabinet listened to it all right, but as for responding and assisting in the development of British Columbia, they have refused.

Let me call attention to another field. I have referred to taxation and some other fields, but here is an illustration. It may seem strange that I should choose a subject such as this; I assure hon. members that I am not full of my subject. The total federal government revenue from the sale of alcoholic beverages in the year 1954-55 amounted to $176,963,000. The provincial revenue amounted to $159,873,000. I would call attention to the fact that the difference in the federal revenues was $17,090,000. Let me further state that the federal revenue includes the total identifiable taxes but does not include general sales tax on materials used in the manufacture of alcoholic beverages. The provincial revenue is for the 10 provinces and the figure includes not only the direct taxes but also receipts from permits, fines, confiscations, etc. I would suggest, Mr. Chairman, that here we have a case where the federal government received over $17 million more than the provinces did in revenue from alcoholic beverages, yet the provinces were saddled with the cost of administration. They were responsible for alcoholic research and for the rehabilitation of those who had become addicted to alcohol. They were responsible for providing housing for those who were put in prison because of this thing. The provincial governments had to assume all the responsibility, including the criticism attached to this type of business, and now the federal government comes along and takes $17 million more than does the provincial government. I cannot see any sense of justice or fairness in a situation like that. I am not speaking for the alcohol industry. So far as I am concerned, we would be better off without it. I believe that the revenues are far offset by the cost to the nation. But there is the picture. So I say, Mr. Chairman, the government is indicating a failure to properly understand and estimate the expenses the provinces have.

I know the federal government thinks their expenditures are increasing. They talk about defence and all these other things that have increased. I remind you again that according to the figures put on the record just the other day by the hon. member for Okanagan-Revelstoke, the increase so far as the provinces and municipal authorities are concerned is far in excess of that in the federal field. Government expenditures for 1954 compared with 1955 show the increase in the federal field was 5·5 per cent; provincial, 292 per cent and municipal, 276 per cent. We see, therefore, just where the increase in costs exists. It is at the provincial and municipal levels and not so much on the federal level.

The supercilious attitude taken by this government is being resented by the provinces. I wish they would forget this attitude, "We will allow you", and get down to business and work out an agreement that would be mutually satisfactory. I can somehow smell a carryover from Bill No. 3 of last year when this government thought they had to safeguard the rights of the people of Canada and protect them against the poor judgment or perhaps the vicious schemes of the provincial authorities. I am inclined to think this is somewhat of a carryover.

I took note, Mr. Chairman, of the retort of the Minister of Finance to the statement made by the leader of this group when he referred to the proposals as niggardly. The minister said he could not understand that type of language. He could not see where it fitted into this particular type of thing. Then, he went on to refer to the increase that would accrue to the provinces from contributions under this new proposal. It is something like the children who come to the father and say, "Dad, look at our shoes. They are just in tatters; the soles are worn out; our toes are sticking out; the laces are gone and the heels are worn out. We need some new shoes." The father, even though he can see it, says, "I see that; I understand. I tell you, we will put new heels on those shoes." He thinks this should satisfy the children. I would suggest that the Minister of Finance should take a look at the thing, and this is somewhat comparable. He should look at the increase and not say, "We are going to put new heels on the shoes". Bless my soul, he ought to buy new shoes. When you think of the budgetary surplus to which the leader of our group has referred, and when you think of the surpluses that are building up, he could well afford to buy them new shoes and not just put heels on the old shoes.

The Fraser Valley *Record* of Wednesday, July 11, has an editorial entitled, "Time For Tax Cuts". I shall read the first sentence of the editorial:

> In the first two months of this fiscal year, ended May 31, the Canadian government showed a surplus of $274 million.

Further down we find this paragraph:

> There is a theoretical limit, declares the *Financial Post*, to this intelligent paternalism. If there were no limit, the government would be right to bag all the money and then spoon it out; and that would be the end of economic freedom.

I was going to refer to the remark of the leader of the C.C.F. party regarding natural resources. He said that some provinces were more greatly blessed than others and therefore they should be willing to share. Well, we agree in that; we believe we should share. But, as the hon. member for Okanagan-Revelstoke said the other day, we should grade the others up and not grade the top ones down. May I suggest that the extent of the natural resources in any given province is of great importance, but there is something of greater importance, and that is how the natural resources of a province are conserved and developed. I would suggest that every province has deposits of natural resources, but to a substantial degree it depends upon the vision, the wisdom and the initiative of the provincial administration to develop those resources or to have them developed in the interests of the people of the province.

The hon. member for Macleod referred to the *Financial Post*. I want to quote just one sentence from the same article to which he referred:

> Government—with a new boldness of concept—

I wish the hon. member for Kamloops were here. He rather snorted when the hon. member for Macleod was reading this. I continue:

> Government—with a new boldness of concept—is directing record capital outlays to push communication and transportation services into all parts of the country, to facilitate the big undertaking, bring a new degree of cohesion to the province and all that is taking place therein.

I would suggest, Mr. Chairman, that if the members of this house, the Liberals, the Conservatives, the C.C.F.'ers were as great statesmen as those who founded confederation they would cast aside their prejudices as the fathers of confederation did at that time, they would throw their political philosophies out the window, and they would join with Social Credit and march with us toward that great new era that lies before us under a Social Credit administration. I believe, Mr. Chairman, you are attempting to rise.

The Deputy Chairman: I am afraid the hon. member's time has expired.

Mr. Yuill: Mr. Chairman, I realize that in rising to speak to this resolution I am doing so in rather a dual capacity. I have the honour to represent one of the finest constituencies in Alberta, but at the same time I have been the mayor of one of the finest towns for almost 12 years. More than that, I view this resolution with some concern.

I have had some nine years' experience as a board member of one of the large school units and I know the problems that prevail there in so far as administration is concerned. I should like to say this. Never in the history of our province, to my knowledge, have we been handed a package deal which we must accept whether we like it or not. It is the responsibility of this government to sit in conference with the provincial levels of

administration and discuss the merits of this new tax agreement. After all, what is government but the manager of our biggest business, namely, the business of government? How does the authority become vested in this federal government ruthlessly to walk over the rights that were handed down at confederation to the leaders of the provinces? Where does the revenue come from that they are going to dole back rather niggardly to the people who earn it and who pay it out of their own pockets? Where have they the right to sit in judgment and dictate what shall be done with the revenues accruing within the provinces of this country?

We can see the tendency to centralize, as has been indicated several times. More and more the rights and the autonomy of the people of the provinces have been filched away from them and I think it would be fitting if this federal government set aside this resolution or this bill at this time and called into conference the premiers and their respective ministers and sat down and discussed this thing once again and tried to come up with at least a better solution to our over-all problem.

I know that some people say that the time element is of the essence. We have been sitting here for almost seven months. Not a bit of legislation has come up so far that is comparable with this or as far-reaching. This is a measure that is going to affect not only federal economy but provincial economy. I believe we have a very serious responsibility here to see that what the fathers of confederation fought so hard to establish shall not be ruthlessly thrown out the window. I know that we in Alberta are perhaps more privileged than many other provinces. For the last 20 years we have been blessed with a government that has a heart, a government that has vision, a government that realizes that our God-given natural resources are not there for the purpose of feathering the nest of political opportunists, but to be developed and the proceeds accruing put in trust and then handed back in terms of doing the most good for the most people, according to the best collective thinking of those charged with that responsibility. It is because of that that in a matter of 20 years our province has come from a state of bankruptcy to solvency. We were $167 million in debt. It required 51 cents of every revenue dollar to pay the interest on the debt alone. We have come from a state of bankruptcy to a state today where we have an over-all surplus of $180 million after our provincial debt is retired. It is the only province in Canada, or the only state on the North American continent, where half the revenue involved in our budget, which incidentally is $242 million, comes from the development of our natural resources and the profits accruing from them. It only requires roughly 50 cents on every tax dollar to be raised in the accepted tax medium. We have had demonstrated time after time that our government is a government with a heart, one that has taken the responsibility of providing for its people.

Concerning the resolution that is presented here I do not think any one of us feels there should be dual taxation; I do not think it is either desirable or necessary. But I do think that those who are charged with the sacred responsibility of administering the affairs at the provincial level should be shown the courtesy and granted the right of sitting in conference and endeavouring with the advice and co-operation of the federal government to come up with an answer that will be the right answer.

I am afraid that if this resolution is passed it will be altogether too rigid, and I certainly hope it will not be passed. I think there should be at least some measure of flexibility so that in the future, if it is demonstrated that this is not a satisfactory or efficient agreement, the provinces will not be pushed aside when they ask for a new deal or a new look at the existing agreement. I am inclined to the belief that if and when they come they will be told, "We are hewing to the line; that is the letter of the act and consequently we cannot do anything to help you."

As I said a moment ago, Mr. Chairman, we in Alberta have come a long way in the last 20 years. We have been able to provide benefits to the people of Alberta far beyond those provided in any other province of Canada. British Columbia is fast approaching the standard established in Alberta, but of course there is a reason for that: it is because they have a Social Credit government.

As is common in all provinces, we have a need for roads, we have needs in education and needs in the field of health. I think those matters are surely a part of the responsibility of the major government. It is true that in a sense it has been contributing in some way, but basically only to health and welfare, and I think the share that is put up is not over generous.

Let us take the case of education, for example. In Alberta, when our government took over 20 years ago, the best education standard we could expect to find anywhere outside the cities and some of the towns was grade 8. The government of that day seemed to think that was the height of its responsibility. When our government took over, it definitely declared itself in favour of the equalization of educational opportunities. It decreed that any child regardless of

who he was or where he lived should not be denied anything short of a grade 12 education.

In order to make that possible it was necessary to centralize, from an educational point of view. I happened to be one of the original members of the divisional board in our part of the country at that time and I can tell you something about the position we were in then. This was back in 1939, of course, right after the hungry thirties, and the members of the teaching profession were in the worst plight they have ever experienced in all their lives. We had teachers working for as little as $300 a year. The best teachers and the principals of high schools earned the glorious salary of $750 a year.

When we took over the administration of some 105 schools we found even at that low level of pay some $20,000 was owed in back pay. In some cases we found that some teachers were owed salaries by as many as five different schools. It is recognized across the country that in Alberta today we have the highest standard of education. With the possible exception of British Columbia, the salaries of our teachers are higher than anywhere else in Canada.

In order to make grade 12 education possible to students it was found necessary to set up centralized units. It was also necessary to provide modern transportation and, further, it was deemed necessary to hire special teachers to teach such special subjects as home economics, shop, agriculture, music, art, business and many of these subjects that in some quarters are perhaps looked upon as frills but which are nevertheless within the orbit of a normal grade 12 education.

All of these things cost money, and the job of the school board was a pretty tough one, as we soon discovered. Our government realized it was necessary to give more and more assistance. In the last ten years the outright grants on a per pupil basis have jumped from $19 to approximately $120. In round figures this represents an increase in the last ten years of $100 per pupil. Naturally there has been a boon in the management of school affairs. The demand for new buildings, modern transportation and added services increased and the fact that grade 12 education was established meant that the school population increased at a rapid pace. Those who in most cases moved out following grade 8 stayed and received grade 12 education. All of these things are characteristic of all the provinces and they are not peculiar to our own community. These things posed an almost impossible problem to the administrative board.

The government has increased its assistance. Last year it provided more than $38 million for education alone. It realized that in spite of its ever-increasing generosity the problem would continue to exist and enlarge because of the increased demands through larger enrolments. The government realized this was posing a problem for the direct school taxpayer. A year ago the government pegged the school mill rate and provided $6,600,000 as a subsidy. It discovered that $7,108,000 was required to pull up the slack this year.

In the reshuffle that is apparently going to come about I think it would be possible for this government out of a budget of better than $4¾ billion to provide, over and above the specified terms of this formula, not less than $250 million in order to provide the provinces, irrespective of their location, with at least the minimum or the bottom of the barrel in services. Speaking strictly from the municipal point of view, I think it must be agreed that the problems are much the same wherever you go. Out of a budget of $242 million my province has seen fit to set aside $71.5 million for direct and indirect financial assistance to municipalities.

The city of Edmonton perhaps offers the best illustration of the need for quite considerable financial assistance, far beyond the ability of the province to render. Thanks to the generosity of the provincial government in the last five years Edmonton has received $40,942,541 in the way of direct and outright cash assistance. In the same period it has had the opportunity to borrow at interest rates as low as 2 per cent and not more than 3½ per cent a total of $57,292,900. Out of the surpluses accruing from the development of natural resources our province has set aside a revolving fund which has made it possible for municipalities of all sizes to borrow at that low rate of interest, thereby saving over $2 million a year in interest rates alone. Believe me, a dollar saved is a dollar earned.

If this government would just hold its shot a little bit and not be too anxious to railroad this thing through, if it would just take another look and take the various leaders of the provinces into its confidence, if it would agree to talk over this thing sensibly and in the spirit of the fathers of confederation, I am sure they all would come up with a more lasting and more satisfactory answer to our problems.

I am not going to take up any more time, but I should like to say that in my little town of only 2,000 population we received direct cash assistance amounting to $14,000 which came out of the provincial gasoline tax. Half of the 10-cent tax, or 5 cents a gallon, was

set aside and divided across the board according to population. In that town we have sewers, natural gas, cement sidewalks and everything you could expect in a small town. Our debenture commitment is around $13,000 per year. As a consequence of this grant we were able to turn around and pay back the government in its own coin. We were able to show a substantial cash surplus and also enjoy a revenue accruing from the utility itself. There are not many cases where you can have your cake and eat it too from the municipal point of view. We have been able to reduce our tax rate by 19 mills, which does not alter the fact that in spite of that generosity we are momentarily faced with a tax rate of 48 mills.

I think it would be in the interests of humanity and everyone concerned from the federal government down to the smallest province if a more realistic view of this thing were taken. We should take another look at it and see if we cannot come up with a better and more satisfactory solution.

The Deputy Chairman: It being five o'clock, the house will proceed to the consideration of private and public bills.

At five o'clock the Speaker resumed the chair.

PATENT ACT

AMENDMENTS RESPECTING FOODS AND MEDICINES, ABUSE OF RIGHTS, ETC.

Mr. H. R. Argue (Assiniboia) moved the second reading of Bill No. 292, to amend the Patent Act.

He said: Mr. Speaker, this bill deals with a subject which I believe is very important to the welfare of Canada. It deals with an aspect of control over our industrial life which throughout the years has become most involved and intricate. It seems to me that it is important to the industrial future of this nation that the way in which patents have been used, in many instances to restrict competition, to restrict production and in fact to restrict the general development of the arts of production, is something which should be looked into, and for which a solution is required.

In the past patents were valuable to the nation to the extent that they created an incentive to invest and resulted in reward for invention in a fair and reasonable way. However, with growing industrialization and the increasing size of corporations, with the growth and development of international cartels, the old concepts in relation to patents are to a large extent no longer valid and it is essential that a new look be taken at this whole field.

[Mr. Yuill.]

Hon. members are aware that by order in council of June 10, 1954 the government appointed a royal commission to inquire into this general field and I am pleased that as chairman there was appointed a man of the ability and integrity of Chief Justice Ilsley. If there is any man in the nation whom I have known rather intimately and who I believe is a conscientious person, one who will do his best to see that a fair solution is obtained, it is Chief Justice Ilsley. Quite a number of members of the house had the privilege of serving in parliament when he was minister of finance or occupied other portfolios in the government. We came to respect him. We are confident that the work he is now doing in this field will be important to Canada and will add to our material welfare in the years ahead.

It is a very complicated study. When I first looked into the matter I thought that perhaps the solutions would be very obvious and that with obvious solutions the government should act immediately. I still think there are some obvious steps that should be taken but I am quite prepared to say that many eminent people have spent a lifetime studying in this field and that among the experts there is not always agreement. Therefore one may say: Why do you have the temerity to advance a private members' bill? I do so not because I say that the provisions of the bill will remedy the situation and solve all the problems. I do so because I feel there should be an increasing amount of attention and consideration given throughout the nation to this very important question.

I believe there is no more appropriate place to discuss this general field than the parliament of this nation. By introducing the bill at this time I am hoping to have the matter aired, to give it some further publicity throughout the nation and to help in a small way to bring attention to the problem in the hope that solutions will be found in the not distant future. I hope that the government will study the suggestions made here along with any other suggestions that may be brought to them from time to time. I ask the government to look at the whole problem objectively and to act in the interests of the whole Canadian nation.

Before the Ilsley commission have appeared a number of eminent witnesses. I happen to be a resident of Saskatchewan and I suppose if I am acquainted with problems discussed in a public way more in one area than in any other it would be in that province. The daily newspaper to which I subscribe is the Regina *Leader-Post*. That newspaper has not always agreed with me. As a matter of fact if a census were taken I suppose it would show that it usually disagrees with

me. No matter, I will say that the Regina *Leader-Post* and the Saskatoon *Star-Phoenix*, acting in this general field under the direction of the publisher, Clifford Sifton, have done and are doing an excellent public service.

I notice that they have been questioned as to the reason for their general interest in this field. They have said that they are interested not because anything that has been done has affected their business particularly but rather as newspapers who feel it is a public service to take into account the interests of their subscribers, the interests of consumers generally. Having that public spirited attitude, they obtained the services of three very eminent persons qualified in this field. Those persons made presentations to the commission and were subject to cross-examination and general discussion.

The first I shall mention is a Canadian, Ian Malcolm MacKeigan, who for many years was a public servant of this nation. In the fall of 1941 the combines organization took over the supervision of the law enforcement work of the wartime prices and trade board for the next five years, during the latter part of which Mr. MacKeigan was deputy enforcement administrator of the board. Mr. MacKeigan's special responsibility in this field was that of supervising the enforcement of food rationing, gasoline and tire rationing and related black market activities. He went from this position to the Combines Investigation Act administration and was appointed deputy commissioner. He served in that position until 1949 when he resigned. He has certainly studied this field very carefully.

The second person who appeared on behalf of the two newspapers to which I have referred was Judge Thurman W. Arnold, a noted and very competent expert in the United States. For years he was assistant attorney general in charge of the justice department's anti-trust division. He engaged in many suits in this field and became known as a rather famous trustbuster, to use a common term. He is a recognized international authority in the patent field.

The third person was Walton Hale Hamilton who has spent many years on the staffs of many prominent universities in the United States and who for a number of years was special assistant to the attorney general of the United States dealing with this general field. I believe that the knowledge they bring to this question and the evidence they have placed before the commission are valuable and I am sure will result in benefit to this nation.

We need to look at this field more today than we have in the past because the whole pattern of invention has been changing. When patent laws were first considered and enforced hundreds of years ago it was because some individual had invented some device and people thought it was fair to give him a reward for his invention. It was also thought necessary to hold out the promise of a reward in order to entice the individual to make his invention public. For these reasons the whole patent system was established. Today the role of the individual inventor, the single person who comes up with an idea and turns it into a practical device, is diminishing. There are few individuals who alone play an important part in this field. The whole general field of invention has been taken over by big industries, by the great laboratories. Giant corporations will hire many of the best brains in a certain field, place these people in a laboratory, give them an assignment, and ask them to inquire into a particular field of science in the hope that they may come up with some useful innovation.

It is important to us that we remove the restrictions that have been provided by patents not only because we need to increase the production of this nation to the fullest possible extent but for another major reason. It is being impressed upon me more and more that there is in this world a nation that, in industrial techniques is making rapid strides, sometimes frightening strides. We read statements of many high placed persons who have toured the U.S.S.R. We have been told by such a prominent person as James S. Duncan, president and general manager of the Massey-Harris Company, that in the U.S.S.R. there are being trained today from two to three times as many scientists as are being trained on this continent. He pointed out that they are using their human resources in a determined drive for ever-increasing production. In certain fields we have been hearing of late that they may be ahead of us.

We need to free inventions not only to increase production so that we ourselves in this nation may have a higher standard of living but for this other reason. I think it is imperative that we do everything that is in our power as a parliament to see that free institutions are more effective in providing an increased standard of living and increased production than any other system in the world. If we are to make certain to stay ahead—as I am certain all of us wish we can—in the production field, we must give more attention to the problem that I have been discussing.

Often in the past patents have been used not in order to add to knowledge, not to bring forward new inventions and new products, but rather to restrict the field so that those who can occupy it by the patent device

are able to make extremely large profits. The illustration that has been used over and over again is what happened when it became known that a sulfa drug could be useful in treating certain diseases. The main sulfa drug at the time was sulfanilamide. It was a dye. The patent covering this material had long ceased to exist. The process had reverted to the public domain. When it was discovered that sulfa could be used in the medicinal field, a certain company found a derivative which they called sulfathiazole and applied for a patent. Soon after they applied for a patent it was learned that another company was applying for a patent for the very same material. It was not a case of judging which company had the patent, either by a patent commissioner or by the courts. The two companies got together. One said, "You have better marketing facilities than we have". The other said, "You have better production facilities". So they said, "Rather than compete, we will work together to maintain prices and to assure high profits for both firms". When they looked further into the matter they found that there were other companies working along the same lines. They therefore decided that one company would obtain the patent and that then they would licence other companies which had made certain progress in this field. Finally nine companies got together and controlled the production, distribution and sale of sulfathiazole and sulfa drugs generally. In my opinion, no one can defend the use of patents in this way. No one can say that by this use the public was being benefited. As a matter of fact, the patent system or the licensing system was used for one purpose only, namely to restrict competition and to make extremely large profits for the companies involved.

A little bit earlier I said that large corporations make most of the new inventions and that for the individual there is no longer any great place in the field of invention. The experience of Sinclair Oil Company serves to substantiate this claim. The company sent out a questionnaire asking for suggestions for improvements in petroleum products that might be adopted and that it received 6,000 replies. Among the 6,000 replies, the Sinclair Oil Company found only 400 ideas of any substance. Of the 400 ideas they found only 30 to be in the general field of petroleum products. Out of the 30 they found only 3 that made any industrial sense. Of the 3, only one was capable of production, but it was uneconomical and impractical. Hence, making a general inquiry among individuals in a particular field may not be very remunerative. If invention takes place and is accomplished, it is now done by vast teams of scientists, in modern laboratories, with adequate equipment and working together. They produce inventions.

The General Motors Corporation, which I believe is the world's largest corporation, has pointed out that the inventions so obtained are not obtained by individuals but are obtained in the General Motors research laboratories, and that once an invention is obtained in the laboratories credit is not given to a specific person or even to a number of individuals. Rather, they say that the fact is that a great number of people in the laboratories have contributed to the final invention and that the idea of remunerating the individual for an invention is obsolete since it has been brought about by a modern laboratory of a large corporation.

A large corporation can then produce the invention. It can obtain the patent. After it obtains the patent on an invention it does not say, "We will wait 17 years and after the 17-year period we will allow the invention to revert to the public domain". Oh, no. They usually say, "We will spend time, energy and money in order to dream up all sorts of variations of the invention, all sorts of tiny amendments to it, so that if anyone challenges the invention we shall have such a conglomeration of inventions in this field that we shall declare that some of them are being infringed". They go further. As a large corporation controlling a huge number of inventions, if any other company wants to use one of its inventions they say that, in obtaining a licence, it must agree that it will never at any time challenge the validity of the patent held by the patentee. This means in effect that a giant corporation can control a large area of the industrial art and that new companies coming into the field, if they know what is good for them and if they want to exist in a commercial way, will accept the facts of life by going to the company that has control of this huge number of patents, applying for a licence, paying the royalties, agreeing to its terms, and hoping thereafter to make a profit on its production.

If a smaller new company believes that the patents held by the giant company are weak and cannot be maintained in the courts, history shows that the company is probably still well advised to do nothing about its conviction, to spend no money challenging the patent, but obtain a licence and meet the conditions. A classic example often used is that of Eastman Kodak Company versus the Boston Camera Company. The Boston Camera Company needed a certain number of licences for patents. They believed that the Eastman Kodak Company was controlling very weak patents, and that in fact most of

the patents controlled by the Eastman Kodak Company would not be held valid if challenged in the courts. So, the Boston Camera Company began production on its own. The Eastman Kodak Company instituted a long series of suits against the Boston Camera Company. The Boston Camera Company won every court case, but used all its money and soon became the property of the Eastman Kodak Company. Here is an example of patents being used in a rather predatory fashion to control the whole field of the industrial art.

Another classic example of patents being abused and used for purposes against the public interest is the use Standard Oil made of its patents for butyl rubber. Butyl rubber was the forerunner of modern synthetic rubber. This company did not develop its patents but decided to restrict them and allow their use only for the production of a very expensive product. The Standard Oil Company agreed with the I. G. Farben Company that it would not develop butyl, and the I. G. Farben Company agreed to keep out of the general territory of the Standard Oil. Prominent people have come to the conclusion that the role Standard Oil played in preventing the development at an early date of synthetic rubber was very expensive and costly, and proved a menace to the very existence of democracy in the war with Germany. Here is another classical instance of patents being used as a method of restricting and preventing production.

Now, may I refer to an example a little closer to home. It has been pointed out that the Fairview Chemical Company Limited of Regina, a very small company, decided a few years ago to produce a dust treatment for the control of smut in grain and for the control of wire worm. It decided, on the work done by Dr. A. P. Arnason whom I knew personally in Saskatoon that it had arrived at a good formula for mixing the two main components going into this chemical for the treatment of smut and the prevention of wire worm damage. The two chemicals were mercury and benezene hexachloride. Mercury had been used for many years in one form or another as a fungicide to control smut and other harmful seedborne spores. Benezene hexachloride had for some time been used in the control of wireworms. This company decided that if it could mix mercury and benezene hexachloride it could obtain one substance that could be used by the farmer to control both smut and wireworms. They decided they would go into the production of this chemical. They learned however that another company had applied for a patent. It was pointed out that the patent was granted on a so-called invention that was just as simple as mixing flour and sugar, and because this company obtained a patent the Fairview Chemical Company Limited of Regina decided, being a small company, that it could not afford to contest the patent. Instead it would either cease to produce this chemical substance or would pay a licence fee.

It was pointed out that the patent given in this instance was very costly so far as agricultural producers were concerned. The consumer wishing to obtain the patented article had to pay $7 per pound, whereas this company could easily have sold the mixture for $5.25 per pound. On the potential market available for that year, it was estimated that agriculture producers lost $17,500. This is another example of a patent being abused.

Now, Mr. Speaker, I wish to refer to the general suggestions contained in this bill. The first one is the suggestion that the provision which now allows for free licensing of any invention used in the production of food or medicine should be extended. It should be extended not only to include the method of production but the end products themselves, namely the foods or medicines and also include other articles in the field of health such as optical goods, dental goods, dental and surgical instruments and equipment and devices such as wheel chairs and artificial limbs. I suggest that is a reasonable provision, and if it were placed in the law it would allow consumers of many of these goods to obtain them at lower prices.

The second main suggestion is for amendments to the general abuse section in the patent act. It is suggested that the Attorney General of Canada or any person who, at any time after the expiration of three years from the date of the grant of the patent, applied to the commissioner alleging in the case of that patent that there has been abuse of the exclusive rights thereunder, could ask that a license be issued.

At the present time the interpretation is based on the word which is being deleted, the word "interested" before "person", which has been defined as a person who is in the field already and is associated with the production of those articles. A further suggestion is that not only if the demand for an article is not being adequately met can a licence be granted as of right but that this should be extended to include any potential demand so that any potential demand for a cheaper model of the same article may result in a licence for production being granted. Butyl rubber, the example I used a few moment ago, might apply here. The invention was used

in the production of a very expensive commodity only. This new provision would allow a licence to be granted on the ground that while the invention was being developed it was not being developed to take care of potential demand for a cheaper article.

It is further suggested that licences should be granted not on the narrow basis of the interest of the person concerned or about to be concerned in the production itself, but the provision should be extended to include considerations of the general public interest. If this were done a licence would no doubt be granted in many more additional instances.

It is further suggested that a licence should be granted when the establishment of any new trade or industry has been prejudiced so that patents may not be used to restrict the establishment of new trade and industry in this nation. A further important suggestion is that the commissioners should be given the right to issue a licence if an applicant for a licence to a patent can show that the said patent is part of a portfolio which is being used to lessen competition in the field they control.

It is further suggested that if an applicant for a licence can show that the patent is part of a portfolio substantially controlling an industry in Canada, then the commission should be given the additional power to grant a licence for the import of the article into our country. An example was the Arvin radio case. The suggestion here is that a licence could be granted if it could be shown that a portfolio is not only being used to discourage production but also to limit the field of consumption.

A further suggestion is that the owner of any substantial accumulation of patents, in either a portfolio or a pool, must register with the restrictive trade practices commission, a statement of their patents, a statement of their patent policy in enforcing them, a justification for the royalties, and so on. It is believed that if such a declaration is made public policy there will be less chance of companies using their patent system in order to prevent competition or control production.

I see that I have taken almost the whole of my allotted time, Mr. Speaker. I did not expect to take so long this afternoon. I want to conclude by saying, as I did when I began, I fully realize that this field is very complex; that over the years many experts have given a great deal of attention to it. There has been much genuine and conscientious difference of opinion as to what should be done in the national interest; but I am fully convinced that a new attack must be made on the restrictive use of patents in this country so that in the years to come production may be raised to the highest level.

Hon. Roch Pinard (Secretary of State): Mr. Speaker, I have listened with great interest to the remarks which have been made by the sponsor of this bill. The general remarks he made before getting down to explanations about the proposals themselves were indeed quite interesting, and I am sure that the Ilsley commission will be quite interested in reading those remarks which deal with the general subject itself.

The hon. gentleman also gave illustrations of some of the facts which he thinks should should be corrected in this inquiry which is now going on and which is headed by Chief Justice Ilsley. He referred to the chairman of the commission, Chief Justice Ilsley, in terms with which I think everyone in this house will agree. We know that this commission is doing an excellent job at the present time. The assistants to the Chief Justice, namely, Mr. Buchanan and Mr. Favreau, are giving considerable assistance. I should also mention the fact that they are being given great help by the secretary of the commission, Mr. Laidlaw. I had occasion to meet the members of the commission to discuss some of the matters which were brought to my attention, and I may say I am fully convinced the report that they intend to bring down—and, as I indicated, this report will probably be brought down in the spring of next year—will be a report which will, I am sure, satisfy most people interested in that field. When I say that, I should also add that everybody should take interest in this matter. It is, as the hon. gentleman said, a very complex matter, in which one has to have special qualifications to be able to deal with it in a manner that may be as constructive as one would wish.

I should like to take a few minutes, if the house will allow me, to give some of the background of the legislation itself. Patents have been granted in Canada since 1824; that is, in Lower Canada, at the time, and in Upper Canada from 1826 up to the time of confederation. Shortly after confederation, that is in 1869, the first act was passed under the authority of the British North America Act, which gives full jurisdiction to the federal government in the matter of patents of invention. The Patent Act, which was passed in 1869, has often been amended but it is in its broad terms essentially the same.

The basic feature of the legislation is that it provides for the grant of an exclusive right for a limited time, 17 years in this case, to an inventor in return for the disclosing of his invention to the public. The purpose of this is to stimulate the making of inventions and the advancement of science and technology for the welfare and economic

benefit of the people of the country. It is an exclusive privilege but it is not absolute.

The statute contains certain provisions intended to ensure that the grant of such privilege—which is a definite privilege for a period of 17 years—will promote not only the making of new inventions, but also their early working on a commercial scale in Canada wherever possible.

During the life of the patent, the patentee is required to supply the public demand for the patented article in Canada to an adequate extent and on reasonable terms. At the expiration of the patent the invention becomes public property. Those provisions of the act which aim at safeguarding the interests of the public are the ones involved in the bill presented by the hon. member. In other words, the bill would tend to extend the nature of those licensing provisions that are provided for under the act.

The hon. gentleman referred to the first clause of the bill in which there is a proposal which would add to the licensing provisions in the case when they are granted immediately upon demand. We are concerned with patented inventions relating to food, and medicine, and the other articles that are mentioned in this clause including articles vital to health, such as optical goods, dental goods, dental and surgical instruments and equipment, et cetera.

As I have already said, the statute presently provides for compulsory licensing in the case of a patented chemical process for the production of food or medicine, even in the absence of any proven or alleged abuse of rights and this at any time after the issuance of the patent. In the case of any other invention, the patentee is given three years within which to start working it in Canada on a commercial scale. If at the expiration of that period of time he does not supply the public demand in Canada on reasonable terms and to a reasonable extent, the commissioner of patents may grant one or more compulsory licences to others to manufacture and sell the article in question, or even revoke the patent if no other means of relief can be found.

The hon. member said there were many such abuses and he cited examples. Nevertheless the fact remains that during a period of 35 years I am informed that only three applications for licences concerning chemical processes for the production of medicine have been granted and only about three dozen applications for licensing other patented inventions. In other words, that might indicate there may have been abuses which were not brought to the attention of the commission. The fact remains, however, that during the long period of 35 years licences for the manufacture of medical articles were granted in only three cases and there were about three dozen applications for other articles. It may be that abuses have increased in number. But it remains a fact that during the long period of years I mentioned only those cases to which I referred were brought to the attention of the commission.

In connection with inventions pertaining to the field of health, the bill proposes that the compulsory licensing provisions be extended to articles vital to health, such as optical goods, dental goods, and surgical instruments. There may at first sight be much merit in that proposal. However, this whole subject is a very complex one and a proposal of this nature should not, I suggest, be adopted without careful analysis and expert advice as to all its angles and implications. The results obtained under the present provisions must be weighed against those sought to be achieved through the amendment. For instance, if generic terms are to be used together with an enumeration of specific items as illustrations of the scope and meaning of the generic terms, great care must be taken that, in the net result, some important item might not turn out to have been inadvertently excluded or omitted.

With reference to the second part of the proposals which my hon. friend made, he stated that in order to be considered as a person "interested" who can apply to the exchequer court for invalidating or voiding a patent or to the commissioner of patents for a compulsory licence under the existing provisions, one must be already in active competition with the patentee, which condition, he pointed out, often cannot be fulfilled in the case of a new product.

I submit that is not exactly the case. In fact, under the act as it now stands there is a provision under which a person who simply proposes to make, sell or use an article may apply to the court for a declaration that this will not constitute an infringement of a particular patent. In other words, he does not have to be in active competition. He simply has to declare that he intends to manufacture an article. Surely that does not mean he is in active competition at the time, and he can ask the court for a declaration that this will not constitute an infringement of a particular patent.

As to the nature and extent of the interest required to obtain a compulsory licence from the commissioner of patents, my information is that it has not been considered necessary for an applicant to be already in active competition with the patentee in order to qualify for a compulsory licence. I think that is only

normal. The commissioner will, however, require the applicant to show that he intends to use the patented process or to manufacture the patented article and that he has the financial means to do so. In other words, he satisfies himself that the applicant is serious and is a bona fide applicant. Otherwise anyone could challenge whoever has obtained a patent of invention and there would be no protection for the patentee.

I would like to deal now with what I consider to be the more important part of the proposals involved in the bill. These are the proposals that deal with the abuses of patent rights and compulsory licensing. Perhaps one feature of those provisions which should more particularly be looked into by the commission is the primary requirement of manufacture in Canada and the bar indirectly placed against importations.

If one reads section 67, subsection 2, paragraph (b) of the act, one may feel that these provisions, indirectly at least, contain a bar against importations into Canada of an article that is being manufactured here when there is already in Canada a holder of a patent for a similar article. I am informed that this matter is being studied very carefully and numerous representations have been made to the commission in that respect. I am convinced the commission will give this matter a very thorough study and will investigate it fully.

The suggestion has been made that lists of patents be registered in some cases with the restrictive trade practices commission by the owners of any substantial accumulation of patents, in either a portfolio or a pool. The first remark I would like to make on this subject is that there would surely have to be a definition of what is meant by the words "a portfolio or a pool" in order that there would be no misrepresentation of the meaning. I do not think my hon. friend would subscribe to the practice of preventing an individual from holding more than one patent.

As far as the supplying of that list of people holding more than one patent to the combines investigation people is concerned, the powers under the Combines Investigation Act are already wide enough for the officials of that department to have full access to the patent division. They can obtain any information they feel they need if they wish to proceed with a prosecution or investigation. I consider it would be a wasteful duplication of records if this proposal were implemented.

The Combines Investigation Act also empowers the exchequer court to make one or more orders declaring void, in whole or in part, patent agreements, arrangements or licences, prohibiting the carrying out of any or all of their terms or provisions, directing the grant of licences under patents or revoking patents where patent rights have been used in restraint of trade or to lessen competition. In my opinion that covers the proposal that has been made in that report. In other words, the powers are already available under the Combines Investigation Act to bring about the type of investigation to which my hon. friend has referred.

I think I should at this time give the reason why I will oppose this bill if it comes to a vote. I consider the bill as being premature. My hon. friend has referred to the fact that work is now being done by a royal commission and it would appear to me—and I think he will share my views—that to legislate at this time would be an indication on our part that we have not enough confidence in the commission to allow it to proceed with its work. It is true that that work is going to take some more time before it is completed. As I said before, I have been informed that the report will be presented in the spring of next year.

Mr. Argue: Can the minister say whether there is any likelihood or possibiilty that legislation will be presented to parliament next session as a result of that report?

Mr. Pinard: I think my hon. friend will appreciate that I would have to know first what the report will contain. If the recommendations of that report justify legislation that would be something to be considered by the government. I am sure that action will be taken in due course, as is always the case with this government. I am sorry not to be able to give a more encouraging answer to my hon. friend. However, I think I can go this far. If the report contains recommendations which justify the bringing down of legislation those recommendations will be studied carefully by the government and I am sure that the necessary legislation will be suggested to parliament.

I do not want to take a rigid stand against the proposals because, as I indicated to my hon. friend, I think they deserve to be studied carefully because they have merit. I think the hon. member should be commended for having brought this matter before parliament and no doubt his remarks will be scrutinized and studied by the Ilsley commission. I think my hon. friend has made a contribution to the work of the commission in bringing this matter before parliament at this time.

While I am not in full accord with all the proposals which he made, some of them I believe are worthy of study and I am sure they will be studied by the Ilsley commission. One of the more important proposals is that

which concerns importations. This is one of the most serious problems which the commission has to face at the moment and I am sure that its report will deal with that matter.

On motion of Mr. Pinard the debate was adjourned.

Mr. Deputy Speaker: Is it agreed that I resume the chair in committee since it is close to six o'clock?

Some hon. Members: Agreed.

TAXATION

MEASURE TO PROVIDE FOR AGREEMENTS WITH PROVINCES

The house resumed consideration in committee of the following resolution—Mr. Harris—Mr. Robinson (Simcoe East) in the chair.

That it is expedient to introduce a measure to provide that the Minister of Finance may pay to a province, out of the consolidated revenue fund, in respect of any fiscal year in the period commencing on the first day of April, 1957, and ending on the 31st day of March, 1962

(a) a tax equalization payment with respect to individual and corporation income taxes and succession duties;

(b) a provincial revenue stabilization payment with respect to such taxes; and

(c) a tax rental payment in accordance with a tax rental agreement that may be entered into by any province as an alternative to levying such taxes on its own behalf;

and also to authorize tax collection agreements with the governments of the provinces.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Mr. Holowach: Mr. Chairman, I wish to make a few remarks at this point in the resolution's progress and I assure you I shall not detain the house unreasonably. Yesterday the leader of the party to which I have the honour to belong spoke at some length and clearly enunciated the belief of all members of this group. He clearly stated that in our opinion the measure now before us is in no way adequate nor is it fair nor does it provide fair treatment with respect to the fiscal requirements which the various provincial governments have at this time if they are to discharge properly their responsibilities to the people in the respective provinces.

One could elaborate on his statements but may I just say that in Alberta this year our budget reached $242 million. This amount is required to provide social services for a population of a little more than a million people. The total of all direct municipal assistance will amount to over $64 million this year paid out for local government operations, almost half of the budget, and in the past seven years direct and indirect assistance to the various local governments has amounted to over $311 million. This substantial sum in my opinion gives ample evidence of our treatment of our junior governments and is in sharp contrast to the niggardly treatment proposed in the measure before us at this time.

In the interests of time I intend to confine my remarks to one single aspect of the problem, namely, the economic consequences that will result if the federal government continues with its present taxation policies, and I would particularly draw to the attention of the minister the fact that in this measure and through these taxation policies we are missing the very heart of the principle of fiscal need. I refer to the fiscal need of the people themselves and the concept that while various provincial governments are indeed desperately in need of financial assistance it is the people themselves who need help most at this time.

We are discussing a measure which is designed to provide equalization payments to the respective provinces with respect to income taxes, corporation taxes and succession duties. This measure, which is the product of various conferences and negotiations as well as the attitude of the government, misses the essential point, namely, that basic to the well-being of the nation and our people is the need to restore to the people themselves their earnings in order that they can provide those things which they are unable to afford at this time and consequently turn to the various governments to provide for them. I believe that reductions in income taxes, corporation taxes and succession duties are badly needed today and could help considerably.

As I see it, the removal of the impediment to more friendly fiscal relations between the federal government and the various provincial governments lies not only in the federal government adopting a more generous attitude toward the provinces but also in policies that will help to alleviate and remove the tremendous pressure and the demands being made at the present time on the various provincial governments. I believe that the proper way to do this is to allow the people to retain more of their earnings so that they have the facilities to meet their local levies, retain their independence and provide for their stability and growth.

Today this is virtually impossible by reason of our taxation laws under which the

federal government makes it impossible for people to save or to pay cash for the things they require in their everyday life. This has resulted in the inability of small businesses to borrow and municipalities to provide services. Let us examine some of the actual evidence. There are many signs indicating that there are sags in our economy which belie the claim of a booming prosperity and in many instances could well mean the beginning of a recession.

What about instalment buying in our country? This has reached the highest peak in the history of the nation. In an article appearing in the Ottawa *Citizen* of May 23, 1956 we have information which shows that the bills that the people of Canada owe total $2,193 million. The article goes on to say:

> The amount of money Canadians owe for the things they buy on time rose to a new high of $2,193 million at the end of 1955. This was an increase of $134,900,000 in the last three months of 1955 and a rise of $327 million over the year, one of the largest increases in the post-war era, a quarterly Bank of Canada survey showed today. With the steady 1955 rise, the consumer credit bill had more than doubled over a four year period, increasing from $973 million at the end of 1951.
>
> At the end of 1955, unpaid bills in charge accounts had increased to $376 million from $330 million at the end of September and $363 million at the end of 1954. Total instalment credit had risen to $987 million from $942 million in September and $822 million in the previous year, while personal loans had swelled to $830 million from $779 million in September and $661 million in 1954.

The significance of these figures, Mr. Chairman, strikes home when compared with the total amount of income tax collected by the federal government during the fiscal year 1954-55 for all of the provinces of Canada, namely, $2,412,197,266.67. The significance of the large amount of personal borrowings and instalment credit lies in the fact that it is nearly equal to half of the yearly budget of the government. If this instalment debt were to be paid off in one year then on the basis of the disposable income of the Canadian people for the year 1955 it would require practically 12 per cent of that amount. Quite obviously we must give the people the right to keep more of their earnings and a reduction in income taxes would help considerably.

What about the people's personal savings? In the year 1939 personal disposable income of the Canadian people totalled $4,208 million of which 7·2 per cent was savings. In 1943 it totalled $7,478 million with 23·4 per cent being savings. In 1944 it totalled $8,164 million. In that year savings were 24·2 per cent. It is evident that there has been a steady decline in the annual rate of savings. Let us look at the last three years. In 1953, with disposable income of $16,725 million, only 9·6 per cent was savings. In the year 1954 disposable income reached $16,747 million with 6·4 per cent being savings. During the year 1955, which incidentally was the most prosperous year in the history of Canada, the estimated disposable income was $18,285 million and the people of Canada were only able to save 8·1 per cent.

The telling point is the extreme drop from the year 1944 comparing it with the peak year of prosperity, 1955. I submit that a choice has to be made whether to continue with the centralizing of power vested in the federal government or to restore quite rightly some of that power over the purse to the people of Canada. Finally, I should like to say this and I say it in good faith. I venture to suggest to the Minister of Finance that the foundation for the well-being of the people of Canada and the confidence which the people of Canada have in our free way of life and in our economic system is less firmly established in the measure now before us than it would be if the Minister of Finance were courageous and bold enough to review the entire situation, overhaul the entire tax structure of this country with a view to simplification and to removing all those taxes that are crippling to the people's savings or ability to pay cash for the things they need and in the case of small businesses, to restore to them the power to acquire credit at reasonable rates of interest. I believe that is one reform that is most necessary. In doing that I believe that the Minister of Finance would not only do a good stroke of business and increase the volume of revenue required for government expenditure but at the same time would earn the gratitude of the people of Canada and the co-operation, I am sure, of every member of this house.

Mr. Blackmore: Mr. Chairman, this afternoon in a talk which I delivered I indicated the reasons for supposing that the Bank of Canada was forced on Canada by alien influences operating from the city of London. I suggested that the main reason the Bank of Canada was forced upon Canada was that the powers in London desired to take away from Canada the finance act of 1923.

The important element in the finance act of 1923 was that under that act the Minister of Finance could create money and spend it into circulation or lend it into circulation or otherwise use it as he felt the economy of Canada demanded, just as the Minister of Finance under the finance act of 1914 in the year 1917 printed and spent into circulation $50 million in buying Canadian goods and sent those goods over to Great Britain as a loan; and just as in that same year he created 26 million other dollars and spent them into circulation for the conduct of the war.

There are people who still persist in saying that action of that sort means that it will cause inflation. The whole secret is this: what is the definition of inflation? Inflation is a rise in prices which results from a scarcity of goods in relation to the amount of money in circulation. Consequently if money is created by the Minister of Finance and spent into circulation in such a way that it does not cause a rise in prices because of a shortage of goods, then that created money will not cause any inflation or any other undesirable condition in the economy. It was of that power that the city of London wished to deprive Canada. Why? Because that power is the power that makes the nation financially free. The minister has been sitting here and listening patiently to a great deal of talk about reducing taxes and that sort of thing. The minister himself knows, as does every person in this house, that if he taxes this nation to the very limit of its endurance he still is not able to get enough money to satisfy the needs of the various provinces in this dominion.

What is to be done about the matter? Are we to go on depending entirely on taxation, or are we going to go back and take the power the minister had under the finance acts of 1914 and 1923 and employ that power as a means of supplementing the money which is in circulation in the country, thereby enabling the people as a whole throughout the dominion to buy the goods which the dominion is able to produce and thereby raise the standard of living in less fortunate areas without deducting from the standard of living obtaining in the other provinces?

It must be quite obvious that it is not fair to Ontario or to Quebec, each of which requires all the money which they can collect within their own boundaries, if money is taken away from them to be distributed in Nova Scotia, New Brunswick and Newfoundland, no matter how much the people of Ontario and Quebec may desire to help those other provinces. But if the money could be created, based on the goods and services which those two central provinces can produce, and then that money distributed in Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland, that would enable those provinces to buy the goods from Ontario and Quebec and would in no way detract from the amount of purchasing power or revenue available in Ontario and Quebec. Without that device, I submit that it would be impossible for us to finance the affairs of this nation in a way satisfactory and fair to the people throughout this country.

Mr. Dupuis: What about the dividend?

Mr. Blackmore: The dividend is possible. The dividend can be paid by the same means.

Mr. Dupuis: Why not pay it?

Mr. Low: You fellows recognized the principle in your family allowances.

Mr. Blackmore: Just as soon as I am finished I should love to have questions from my hon. friend. But the simple fact that I am laying down is this. It is going to be absolutely impossible to enable the people generally throughout the Dominion of Canada to enjoy the high standard of living which the productive capacity of the Dominion of Canada would justify unless we adopt the principle which was written into the finance act of 1914 and into the finance act of 1923. We saw the performance throughout world war I. We have no excuse whatever for disregarding that performance.

I submit that the whole purpose of the financial interests in London in putting the Bank of Canada into this country was to deprive us of the finance act of 1923 which meant freedom financially.

Did the same city of London influence, motivate and dictate in relation to the Sirois commission? I promise to have something to say about that matter in this talk.

What was the nature and what were the recommendations of the Rowell-Sirois report? Over all, there are several essential recommendations, of which I am going to mention two which are, in my opinion, quite undesirable. The first one was that the provinces were to vacate personal income tax, corporation income tax, and succession duties fields. This procedure removes from a province most of its capacity for improving itself economically by developing industry which the province could otherwise do to raise its standard of living. Suppose we go on with the proposals which are now being used. Of what advantage is it to a province like Ontario, Quebec, British Columbia or any other province to expend great effort in developing industry within that province, if the more industry they develop the more they are taxed and the more money is taken away from them to go into the hands of other provinces? How can they get ahead? How are they motivated? There is the main difficulty when we suggest that the power to tax in those three fields of taxation shall be taken away completely from the provinces.

Another very important recommendation was that the dominion was to assume and carry provincial debts and to set up a finance commission to see to it that the provinces did not go into debt any further. It may be said that it is sound to put a limit on the amount that a provincial government can borrow but—

Mr. Dupuis: May I ask the hon. member a question?

Mr. Blackmore: Just as soon as I am finished my hon. friend may ask questions and I will answer him during all the time remaining this evening. But I would ask him please not to interfere with me while I am talking. I say that not because I cannot answer his questions; answering his questions is just child's play to me.

An hon. Member: He might ask a sensible one for a change.

Mr. Blackmore: The point I was making is this. If we are to enable a province to build itself up or if we are to encourage it to build itself up to become great and strong and a real advantage to the nation, we must give it every advantage from the industry which it develops within the province.

May I now summarize and quote certain passages from an article by A. W. Roebuck, who now is a member of the other place, in the *Labour Review*. It is an address delivered in Toronto, January 3, 1941, and entitled "The Other Side of the Rowell-Sirois Report". I summarize this article in order to show what this eminent gentleman thought concerning the Sirois commission matter back there in those days while it was in the heat of discussion.

Who was A. W. Roebuck? In order that we can evaluate his judgment, I read from the Canadian Parliamentary Guide of 1951 a passage which is quite enlightening regarding the standing of this gentleman:

A barrister, K.C., and bencher Law Society. Member of Granite, Thornhill golf clubs.

Life member of Toronto Liberal association. Was candidate for Ontario legislature at general elections 1911 and 1914; for the House of Commons in 1917. Elected to Ontario legislature at general election 1934. Sworn as attorney general, minister of labour and member of hydro-electric power commission, 1934.

Now, this man had quite a lot of experience, and beyond any question his words are worth listening to.

Resigned portfolio, 1937. Re-elected at general election 1937. Resigned from the Ontario legislative assembly to be candidate for House of Commons. Elected to House of Commons at general election 1940. Summoned to the Senate of Canada, April 18, 1945. Party politics, Liberal. Religion, Anglican.

Now, this indicates we are not listening to just any idle talker when we listen to this man's speech. May I just summarize the article which was printed, as I have said, in the *Labour Review*? I am going to give the headings, and then there are two or three passages from which I should like to quote. The headings in this article, "The other side of the Rowell-Sirois Report" are as follows: First, "Confederation, a defence measure"; second, "Division of powers"; third, "Unity with diversity"; fourth, "The commission's work"; fifth, "Changes since 1867"; sixth, "B.N.A. Act has not held us back". And consequently there is no reason to change the B.N.A. Act or abolish it; seventh, "The Sirois Proposals"; then I propose to read from that division so that members may get this man's view of what the Sirois report proposed:

The Sirois report is a monumental document, but you will find its main recommendation stated with reasonable conciseness as follows:

(a) The dominion government is to become solely responsible for direct relief to unemployed employables, all other relief and public charities to be borne without dominion aid by the provinces and municipalities, with the exception only of old age pensions to which the dominion will continue to contribute 75 per cent as now.

(b) The dominion is to assume and pay the principal and interest of all the provincial debts (including both direct obligations and those guaranteed by provinces), the dominion to have the benefit of all interest collected by each province on its investments, a single exception being made of the province of Quebec where the dominion will assume 40 per cent of both provincial and municipal debts.

(c) In return the provinces and the municipalities are to hand over all personal income taxes, corporation taxes and succession duties to the exclusive taxing power of the dominion, with the exception that a portion of the corporation tax collected from mining and oil producing companies (10 per cent is suggested) is to be returned to the provinces in which the mine or oil well is located.

(d) The subsidies guaranteed by the British North America Act from the dominion to the provinces amounting to $21,000,000 are to be cancelled.

(e) The dominion is to pay to some provinces which are alleged to be in need an irreducible aggregate amount of $14,900,000 per annum in what are to be known as adjustment grants, to be supplemented to all provinces by emergency grants when necessity can be shown to the satisfaction of a dominion board to be appointed.

Such are the recommendations, simplified to the extent of my ability, and raising, as you may suppose an infinite series of questions.

Now, continuing with the divisions: division No. eight is, "Unemployment relief a diminishing factor;" No. nine, "Rescuing shipwrecked bondholders",—which may indicate one reason for the Sirois report; No. 10, "Centralizing financial power"; No. 11, "Poor bargain for provinces"; division 12, "Hurtful tax changes"; division 13, "Arbitrary handouts". Now, from this division, "Arbitrary handouts", may I read one paragraph?

The difficulty of determining degrees of need is obvious but the Sirois commission, whose chairman was from Quebec and upon which there was no Ontario representative, has discovered a method of calculation which to them seems satisfactory, for the commission recommends to Quebec a permanent annual grant irreducible in amount of $8,000,000 (page 96, Book II) and to Ontario the sum of nothing (page 97, Book II), and this notwithstanding that Ontario loses its confederation subsidy of $2,941,000. The grants are supposed to be made on basis of need and yet Alberta and British Columbia also lose their subsidies and get

nothing. Quebec with its irreducible grant of $8,000,000 per annum apparently has $1,100,000 greater need than all the rest of the provinces of Canada put together.

Continuing with the divisions, division 14 is, "Summing up". I should like to read the last section of 14:

(e) Recommendations which tend to destroy the basis of confederation by curtailing the sovereign power of the provinces in the management of their local affairs or placing them in financial leading strings to the dominion should be rejected.

The last division, No. 15, is "Canada has done well". May I read this one:

Political leaders may confer, newspapers pronounce, and interested parties continue their propaganda, but nevertheless public opinion will decide whether or not Canada is to be melted down and recast in some new mould; whether the Sirois commissioners are to be "Fathers of Modern Confederation" or whether their report shall be buried like many another of its kind and forgotten. We have had some most unhappy experiences of late of nations changing constitutions over night, especially so in those instances where the changes involved a concentration of power. Canada has done well and been happy in the very wide distribution which she has enjoyed in governmental authority. Let us keep it that way.

To these words I enthusiastically say, "Amen". I should like, however, to go back a little farther than we are at the present time before I say that. Obviously, from this and from other considerations, Canada had done well, and done well without the Bank of Canada. This is important.

I was arguing this afternoon as to what good the Bank of Canada has been. I believe I can challenge anyone in this house or in this country to cite one single, solitary instance in which the Bank of Canada has been of benefit, or to cite one benefit that was not enjoyed by the Dominion of Canada before the depression set in in 1929.

Evidently Canada got along very well without the Rowell-Sirois report. It was argued that the Rowell-Sirois recommendations were necessary as a war measure. Evidently from what I have already said during this afternoon, Prime Minister King did not think so. May I refer to the passage from the editorial which I quoted this afternoon from the *Western Producer* of January 23, 1941. These are the words:

Mr. King himself admitted that he personally was not in favour of calling the conference at this time but that he changed his mind as the result of the representations of the financial advisers of the government as conveyed to him by Mr. Ilsley.

Who were those financial advisers and how closely were they attending to what was being whispered over across the water in the city of London?

Apparently Mr. Ilsley himself had not thought Canada's war effort required the Rowell-Sirois recommendations. Evidently premiers Hepburn, Pattullo and Aberhart did not think so. Neither did the other premiers think so. The Hon. Mr. Motherwell did not think so. The Hon. A. W. Roebuck did not think so. The Right Hon. Sir Thomas White and Beaudry Leman would not have thought so. All Canada needed to fight world war II successfully was a re-enacted Finance Act of 1923 under the Dominion Notes Act of 1868; and Canada's Bank Act in force as it was before the Bank of Canada Act modified it.

There is one matter which I think will be quite interesting to the Liberals in the house. That is the opinion of Premier Hepburn at the time when he resisted so violently and determinedly the proposals of the Rowell-Sirois commission. The opinion which Premier Hepburn held is recorded in the *Western Producer* of January 23, 1941. We find the article is entitled, "Hepburn Urges Money Reform; Urges Action to take Care of Expanding War Effort". The article reads:

At Toronto last weekend, following an Ontario cabinet meeting, premier Mitchell Hepburn issued a 700 word statement urging the dominion government "to make available sufficient new currency in order to take care of the expanding requirements of wartime."

He warned that a serious crisis was fast approaching and said "Canadians will look to the Bank of Canada, which must not be operated for gain or to serve selfish interests but should rather aid primary producers and which should assist in the solution of the financial problems of the provinces and municipalities of the nation.

I presume through granting loans. I go on with the news item report of Mr. Mitchell Hepburn's statement:

The statement said: "My first proposition is that the authority for creating money now vested by the constitution in the dominion government should not be delegated to any authority, public or private.

Now, Mr. Chairman, I think I have said what I had intended to say on this occasion in the various debates on this measure. It will help us greatly when we see what kind of bill the minister has to follow this resolution; but I feel that up to the present time the things which I have said were things which the nation and parliament need very much to know.

As I said this afternoon, some of these things are hidden away in remote places. Most of them have been destroyed, things which gave us an idea of how our fathers felt about the situation when the Rowell-Sirois commission was set up, was functioning and was making its recommendations and the premiers of the provinces in 1941 were deciding what they would do about those recommendations.

Mr. Low: Mr. Chairman, I do not intend to take very long to sum up the position which

we take on this whole matter. I think this has been a good debate, but it has not been anything more than could be expected or ought to have been expected by the House of Commons or its committees on a measure as important as this one. We look upon it as a very important measure, one that affects the provinces, the municipalities and the Dominion of Canada, not only this year but for a good many years ahead. We believe that the purpose of the debate has been served quite well. It seems to me that enough has been said at this stage to bring home to the government the feelings of the members of the house as well as the feelings of many of the governments of the provinces. We do not intend, therefore, to carry the debate any further at this stage. The resolution ought to pass and the bill be introduced so that we can have a look at it. We will take a look at the bill, Mr. Chairman, and decide what is best to do in the light of the terms and the provisions that are set out in that bill.

We thought we might influence the Minister of Finance and his colleagues to try once more to gather the provinces together in a conference with the object of working out a formula that would be more acceptable to them in the light of all of the conditions, as I said yesterday. We had no thought or desire to try to destroy the chances of getting this measure through. Frankly, we feel that the government is trying to reach some sort of solution of the financial difficulties that have arisen throughout Canada as between the provinces and the dominion and frankly between various areas of the country and the federal government. We give them credit for having made a try, and I wish to tell the minister that we look upon this tax-sharing proposal as being superior in many ways to the tax-rental scheme that has been in effect for the past ten years. I think that this proposal will mean a better deal for most of the provinces, although I must say there are some of them that will find a very slim improvement. I could name some of those, but I do not need to. The minister knows them quite well. To others, this is going to mean a considerable improvement, and I am very happy when I see what change it will make in the maritime provinces in the stabilization of their revenue. There is not any question about that, and we all rejoice in that because they have not had a decent deal. We all recognize it. They have not had their proper share of industrialization, and if they do not have some sort of balance between industrial and agricultural activity I do not see how in the world their standard of living can ever be brought up to anything like the level it has reached in other parts of Canada.

So far so good; but there is still evidence that the people of the maritime provinces are not at all happy, and the best evidence that one can cite, of course, is the conference that was held in Fredericton the other day when a permanent organization was set up for the purpose of attempting to get a better deal for the maritimes. We all sympathize with them and mind you, Mr. Chairman, there are others of us who have been in a similar position in times past. I can remember when our own province was the poor relation. It is spoken of today as the Cinderella province, having come out of the kitchen and the ashes and is now dressed in slippers and beautiful evening dress. It is quite true, but that was not so long ago. We suffered the same things essentially that the maritimes suffer, but we did get a break and we have brought ourselves up through some good luck, of course, but some very good management, through the development of our resources. But some of those opportunities the maritimes have not had, and they deserve them, and every effort ought to be made to see that they do get them. I only cite these things to show that one of the purposes behind our debate thus far has been to impress upon the government the need of pausing for just a little while, thinking over the situation and giving proper weight to the conditions of the provinces and the municipalities throughout this country.

I think, without exception, the provinces find themselves unable to cope with the needs and the demands for service and for development and so on in the municipalities. And so, I thought we might be able to get the minister to call a conference once again and to make that final effort which I still think ought to have been made. I believe he is a reasonable man, and I believe that he could persuade the provinces to go along with him if he would get them together and show them that he is anxious to help them to meet their problems and to try to solve them more or less on a permanent basis. I agree with him in what he said yesterday that you cannot sit down now and draft up any scheme or proposal for tax-sharing that will stand for, well, anything more than a few years. We realize that, but I still believe that what I said yesterday is true, that he failed in drafting up the proposals he now places before the provinces to give the proper weight to the circumstances under which the municipalities and the provinces are trying to carry on.

I cannot help feeling that there should have been that one last effort to meet the

provinces, to look the facts in the face and try to carry them along with him, which he could have done. We feel perfectly satisfied on that. How much happier he would have been if he could have felt that what he proposed to the provinces would have been accepted wholeheartedly and in good spirit, and I am sure they would have gone with him.

I remind the minister that back in 1940 and 1941 when the government first negotiated the tax transfer arrangements the provinces recognized the case that was put up to them by this government. They recognized the force and the logic behind their claim that during wartime there should not be double taxation, the confusion attendant on so many different tax agencies trying to get revenues from the people, and they quite readily agreed that this government must have the wherewithal to put on a real war effort. They went along with the minister then and I am sure they would be just as reasonable now if they felt that the minister and his colleagues in the government had given sufficient consideration to the problems of the municipalities and the provinces and their circumstances. They do not, and that is their unhappiness today. That is why they feel the way I said yesterday they felt.

I hope we have at least impressed upon the minister the effect on the municipal and provincial situation. We think that when he drafted the proposal that is now before us he should have taken more fully into consideration what the municipalities and the provinces will have to carry in the future. I must say to him that he could very well have lifted some of the nightmares from the provincial and municipal authorities as they look ahead into the future and see little or no hope for a solution to their terrible problems of taxation, revenues and stabilization.

You know, Mr. Minister, there are a lot of municipalities today which are saying to themselves, "I wonder what kind of burden this is going to place on us when the federal government announces its national health scheme". I am satisfied that they are going to say to themselves, "Whatever is done by the federal government, the provinces are going to try to shift a share of that on the municipalities and how are we going to meet it with the slender resources we have?" That is the thing they are thinking about extremely seriously today.

It seems to me that here was a very good chance to do something of a more or less permanent nature to help both the local governments to find a solution to their problems. It is true that the plan we are about to consider in the bill that will be introduced does provide something better than the tax rental plan of the past five years, but it still fails to meet the immediate needs of both local governments. I said yesterday that the proposal was niggardly and my hon. friend the minister contended that I was rather harsh when I said that. Let me explain, Mr. Chairman, that any new proposal is niggardly if it fails to do what is possible to be done.

Mr. Hamilton (Notre Dame de Grace): Physically possible.

Mr. Low: What was that?

Mr. Hamilton (Notre Dame de Grace): Everything that is physically possible is financially possible.

Mr. Low: Everything that is physically possible and desirable should be made financially possible. You are becoming a good Social Crediter over there.

Mr. Hamilton (Notre Dame de Grace): Those were not my words.

Mr. Low: It will sink in after a while if we keep on. There is no question about it and I think the minister realizes that is so. I am not digressing at the moment from the thing I wanted to tell the minister. I said that any attempt to solve the problem that faces the local governments today has to be considered as niggardly if it fails to do what it is possible for us to do.

I am just as certain as I am that I stand here that if the minister had called the provinces together, even if it meant an increase of $100 million or $150 million or $200 million a year to carry them along with him in a happy mood, and had given them some hope that they could help their municipalities to solve their problems, it would have been a splendid investment and would have been possible. The minister himself knows that it would be possible. He knows full well that any time a proposal of that kind is made to help the provinces and the municipalities they are going to spend that money in development and the minute the development starts to occur taxes roll into this government, the gross national product increases and the minister's tax base is broadened. He knows that.

I want to know where the minister's faith is. He is a man of faith but it seems to me that his faith has been weak this last while. When he looks to the years ahead he must realize that his gross national product is going to continue rising and he will have a much better chance of meeting the needs of the provinces and the municipalities as well as his own needs for defence and all the other things that are demanded of him provided we get the development; but we

cannot get that development unless the municipalities and the provinces are prepared to go along and unless they have the wherewithal with which to go along. Therefore, Mr. Chairman, I think we have missed an opportunity.

I had thought that the minister would yield and perhaps say, "We will hold this over; we will call a conference and after the conference has reached a decision we will bring in the legislation." That would have been much better and everyone would have been much happier about it. Those are the reasons we feel the debate has been worth while. We tried to drive these things home to the minister.

While I was speaking yesterday I mentioned something about the various problems the municipalities and provinces have. One matter I did mention briefly was that the province of Ontario as well as others faces the problem of cleaning up its rivers. Water pollution has gone so far that it is going to cost the province an estimated $120 million a year for the next 10 or 15 years. I said $120 million a year yesterday but evidently *Hansard* did not catch the phrase "a year" and just recorded "$120 million during the next 10 or 15 years". It will cost well over $1 billion to clean up the rivers in this province alone. I emphasize that for the reason that there was a mistake made in *Hansard* yesterday. It may have been my own fault. I am not blaming the boys because they do a very good job, but I just wanted to say that by way of correcting the mistake.

As far as we are concerned, Mr. Chairman, having said what we have said and having done our duty as we have seen it, we are prepared to wait and see what the bill provides for, and I ask the minister before he brings it in for second reading to just get off by himself and take a most careful look at it through the eye of faith in this country. I have faith in this country and I am sure the minister has too. I would like him to take a look at it through the eyes of faith with a little sympathy and understanding for the problems that are so critical in the provinces and municipalities. I urge the minister to please not bring in a bill for us to consider on second reading that is rigid in its terms. Have it so flexibly worded that if there are negotiations between the dominion and the provinces that may result in a change being required it can be changed without having to come back to parliament for a change in the act.

The Chairman: Shall the resolution carry?

Some hon. Members: Carried.

[Mr. Low.]

The Chairman: Shall I report the resolution?

Some hon. Members: Agreed.

Some hon. Members: No, no. On division.

Resolution reported and concurred in.

Mr. Harris thereupon moved for leave to introduce Bill No. 442, to authorize the Minister of Finance to make payments to the governments of the provinces and to authorize the government of Canada to enter into fiscal agreements with the governments of the provinces.

Motion agreed to and bill read the first time.

SUPREME COURT ACT

AMENDMENT TO PROVIDE FOR CHANGES IN CONNECTION WITH APPEALS, ETC.

Hon. Stuart S. Garson (Minister of Justice) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Supreme Court Act and the Criminal Code to provide for certain changes in connection with appeals to the supreme court; and also to establish the office of deputy registrar of the supreme court.

Motion agreed to, resolution considered in committee, reported and concurred in.

Mr. Garson thereupon moved for leave to introduce Bill No. 443, to amend the Supreme Court Act.

Motion agreed to and bill read the first time.

FOREIGN INSURANCE COMPANIES ACT

AMENDMENTS RESPECTING FILING OF STATEMENTS, ETC.

Hon. J. W. Pickersgill (for the Minister of Finance) moved the second reading of Bill No. 437, to amend the Foreign Insurance Companies Act.

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

On clause 1—*For life or fire insurance.*

Mr. Benidickson: Mr. Chairman, this bill and the bill which will follow come from the Senate. They do not involve any complicated amendments but provide for an increase in the amount of deposit required by an insurance company doing business in Canada. The bill now before us refers to foreign insurance companies and it is proposed that before a company is permitted to do life or

fire insurance business in Canada the deposit will be $200,000, which is an increase from the present deposit of $100,000. The last time a change was made in the amount of deposit required was in 1927 and hon. members will realize that over the years there has been a great increase in the volume of business and consequently the liabilities incurred as well as a change in the purchasing power and the value of money.

The second portion of the bill contains a relatively minor amendment dealing with some awkwardness which has been experienced in connection with the date for filing reports. It is now suggested that in the case of foreign insurance companies, which are not required within their own country to file a report of a certain date they will be required to file a report in Canada not within a certain time following a meeting of the shareholders, as is now required by the act, but within six months after the annual balancing of its affairs.

Mr. Hamilton (York West): Is this increase tied particularly to any volume of business being done by a company in Canada or is it simply tied to the fact that there has been an inflationary period and this is to keep the deposit in line with the value of the former amount?

Mr. Benidickson: This is an initial deposit. After the company has done a certain amount of business and has consequently incurred liabilities to people in Canada whom it has insured it is required to increase its deposit in proportion to its liabilities to the Canadian people. In recent years Canadian companies have had suggested to them by the department of insurance that in their private bill it should be stipulated that there will be a minimum capital of $200,000 before it is recommended to parliament. Not only is this amendment in keeping with the inflationary tendency since 1927 that I referred to, it is also in line with the present capital requirements of new Canadian companies. My hon. friend will realize that Canadian companies have to petition parliament for a private bill.

Mr. Hamilton (York West): I understand that this is an initial deposit. The parliamentary assistant has indicated that as a company continues to do business a larger deposit is required, which I understand would be for the protection of creditors in Canada. Can he state what is the largest amount now on deposit by any company?

Mr. Benidickson: I do not think I can answer that offhand. I have in front of me the annual report of the superintendent of insurance for the year 1954 which is the latest report tabled here. This large report is in two large volumes. One refers to the business done by fire and casualty insurance companies and the other by life insurance companies and fraternal benefit societies. These reports of the superintendent of insurance analyse the position in Canada of each registered company, foreign, British or Canadian, and full details are given of the amount of deposit in each case, the amount of insurance done in Canada, etc.

Mr. Hamilton (York West): Has the parliamentary assistant not some idea of the amount I am talking about in connection with companies which have been operating for several years? Is it a matter of $500,000, $1,000,000 or an amount like that? I might relate my remarks further to this problem and ask the parliamentary assistant if this deposit is in the form of cash or government bonds, or just what form does it take?

Mr. Benidickson: The act sets out the type of securities which will be acceptable when placed with the Minister of Finance on a basis of trust for this purpose. It can include government bonds of this country, provincial and municipal bonds and then there are some special stipulations with respect to preferred and common stocks that these must be of companies which have a record of paying dividends over a certain period of years.

Mr. Hamilton (York West): I think the parliamentary assistant is getting to the question that I wanted to ask. We are always accused of being short of common stock capital or venture capital in this country and apparently it is necessary from time to time to go outside. If there are large amounts of money involved affecting several companies I am hoping that, whatever the terms are, this money is not allowed to lie idle when it is put on deposit with the department and that it may be made use of for investment in common stocks of the nature that he has said. I do not think we have any money to spare from the standpoint of capital and we should be making use of it as long as it remains within the category of investment which in the ordinary course of events would be treated as substantial enough to protect creditors. I certainly should like to have confirmation that that type of investment is allowed.

Mr. Benidickson: It is not prohibited, and there are a great number of insurance companies. We are dealing now with the foreign companies. There are 34 with deposits with respect to life and casualty business. There are 185 with respect to fire or fire and casualty and there are 32 foreign fraternal organizations. Therefore quite a substantial

amount of money becomes available for investment for purposes of deposit.

Mr. Nowlan: The parliamentary assistant has said that the initial deposit is $200,000 and then he has told us, as we know, that there are further deposits afterwards depending upon the business which is done. Is there any difference in the allocation of these deposits with respect to the purpose for which they may be used or are they treated as a composite deposit in balance? Is one held for one purpose and one held for another depending on the fate and success of the particular insurance company?

Mr. Benidickson: It is a composite fund. It is a growing or diminishing amount related to the amount of business that is being done.

Mr. Nowlan: How many times have the deposits been called upon? Is there any record in the last few years of these deposits having been called upon because of companies getting in trouble of any kind?

Mr. Benidickson: I am not able to give that information readily to my hon. friend. I think he knows that the superintendent of insurance is elsewhere before the banking and commerce committee at the present time I could call him and get that information if it would not delay the committee.

Mr. Hamilton (Notre Dame de Grace): Can the parliamentary assistant tell the committee why both foreign insurance companies and British insurance companies are making exactly the same deposit? What I have in mind is that under the existing act and under the two acts as they will be revised Canadian companies are required to make a deposit which is one-half of the amount envisioned in this bill. In other words, if a foreign company is required to deposit $100,000 a Canadian company is required to make a deposit of $50,000.

However, exactly the same treatment is meted out to foreign companies and to British companies. They are put on an equal basis. Inasmuch as this country has for a good many years given a preference to the empire and commonwealth in connection with its tariffs, it would seem to me that on exactly the same basis preference should be given to British insurance companies over foreign companies. I do not propose to debate that point here because it comes up under the next bill. But the reverse situation is certainly a proper question to be raised at this point. Why should no extra charge be levied against a foreign company compared with a British company?

Mr. Boisvert: All on the same footing.

[Mr. Benidickson.]

Mr. Hamilton (Notre Dame de Grace): You would put all foreign nations and Britain on the same footing? From some point in the house, Mr. Chairman, there came the interjection—I think perhaps it was from the direction of the hon. member for Nicolet-Yamaska that all these companies should be on the same footing.

Mr. Boisvert: The law is the same for everybody.

Mr. Hamilton (Notre Dame de Grace): That interjection having been made, I want to make it quite clear at this point that there are those on this side of the house who are definitely opposed to such a course of action. While Canada has achieved nationhood, we feel that we have ties within the empire and commonwealth that we value and want to keep and for that reason we want to give preference. This recurrent desire, so well illustrated both by the bill and by the interjection by the hon. member I have mentioned indicating that he wants to put Russia, China, Japan and most of the 80 other countries in the world on exactly the same basis as England, Scotland, Wales and Australia, is one which is personally very repugnant to me.

Mr. Boisvert: To answer my friend's question, within the country the law is equal as it applies to all the citizens of the country and as it applies to all people outside Canada wishing to do business inside our country. There is no doubt about that. The law has to be equal in the case of everyone coming into this country or living within the country wishing to do business. If it were otherwise I think it would be very bad for a country like ours to try to bring about discrimination. This bill has the purpose of developing business within the country. If we consider the law, I think that everybody wishing to do business in Canada should be equal, and the law provides that if people from some foreign country have the intention of doing business in this country they should follow the law that we are trying to pass now.

Mr. Hamilton (Notre Dame de Grace): I do not know what kind of Speaker the hon. member for Nicolet-Yamaska would have made but in my estimation he would certainly make a very poor minister of finance.

Mr. Nowlan: May I ask the parliamentary assistant this question? How many new foreign insurance companies have registered within Canada within whatever period he has there, if he has the information available? We have heard a great deal and read a great deal in the press in the last year or so about new companies coming into Canada. I realize that the parliamentary assistant may not have the information for the reason which

he gave, but if he has can he tell the committee how many foreign insurance companies have registered in Canada within the last year or two?

Mr. Benidickson: I have a table here. Would my hon. friend like me to read it or would he consent to having it placed on *Hansard*? It shows the number of companies registered as at December 31, 1935, 1945 and 1955 and the companies are divided into Canadian, British and foreign.

The Deputy Chairman: Is it agreed that this table be put on *Hansard*?

Some hon. Members: Agreed.

Mr. Benidickson: The table is as follows:

Number of companies registered as at December 31

	1935	1945	1955
Life or Life and Casualty			
Canadian	27	27	31
British	7	5	5
Foreign	20	17	34
Totals	54	49	70
Fire or Fire and Casualty			
Canadian	60	64	81
British	71	77	95
Foreign	159	176	185
Totals	290	317	361
Fraternal			
Canadian	8	16	17
Foreign	26	30	32
Totals	34	46	49

Mr. Hamilton (Notre Dame de Grace): Mr. Chairman, despite the momentary diversion of a few moments ago I have yet to get an answer as to why this particular amount, which is exactly the same as the amount applicable to British companies, was set in the case of foreign companies.

Mr. Benidickson: I draw my hon. friend's attention to the short title of the Foreign Insurance Companies Act. It reads:

This act may be cited as the Foreign Insurance Companies Act. 1932 . . .

My hon. friend knows that this act was not introduced by this government.

Mr. Hamilton (Notre Dame de Grace): Mr. Chairman, the bill is, and because the bill is being presented by this government the answer to the question should come from the government.

Clause agreed to.

On clause 2—*Date of filing.*

Mr. Monteith: Could the parliamentary assistant explain exactly what is meant in the new section 4 (b) by the words, "in the case of a company holding a certificate of registry limited to the business of reinsurance"? Are there any companies doing insurance business in Canada limited to reinsurance only?

Mr. Benidickson: Yes, Mr. Chairman. Each company indicates in its application for registration its purpose in the insurance field. Particularly since the end of the war and as a result of the increased volume of insurance business, a number of companies have come forward and, following their manner of doing business in other countries, have indicated that they do not propose to do any direct writing of insurance with individual people in the country. Their sole business function would be that of reinsuring companies who had direct writing with the public. In that case their reports and returns come to them at the conclusion or end of the year of the companies that they have reinsured. In consequence this bill proposes to give them another two weeks in which to make their report to the superintendent of insurance.

The Chairman: Shall the clause carry?

Mr. Hamilton (York West): Is this extension of time simply the result of business practice which indicates that these companies cannot conform to the standard practice required by the department?

Mr. Benidickson: That is correct. The acts have provided a rather heavy penalty for late reporting. It is found these reinsurance companies have difficulty in performing according to the present statute.

Mr. Monteith: Then I understand that clause 2 deals only with the statement of the Canadian business of these foreign companies?

Mr. Benidickson: That is correct.

Clause agreed to.

On clause 3—Time for filing general statements.

Mr. Monteith: From reading the clause I believe it is a general picture of the company's over-all business to which reference is made, no matter where its head office may be. It may be in Madrid, Spain, but they still must file, within six months of the end of the year, a statement of their over-all picture. Is that correct?

Mr. Benidickson: That is correct. A Canadian company files one combined statement. In the case of British and foreign companies, they usually file two statements, one with respect to business done in Canada. Then within six years after the balancing date of the company they are required to file a statement of their entire business.

An hon. Member: Six months.

Mr. Hamilton (York West): That was six months, I understand, and not six years.

Mr. Benidickson: Yes; six months.

Mr. Hamilton (York West): The "six years" startled me a bit. Is there a situation here that such a foreign company might have several years in which they could comply with this section? I do not think it is beyond the stretch of imagination. As an example, we do not know what the requirements in the foreign jurisdiction may be. Under this section they have one month after the requirement in their own domestic jurisdiction. There may be places of business that do not require to file for a couple of years. Under this section the company would have one month after that time. Under the circumstances surely there should have been an over-all limitation to six months, regardless of what the requirement of the foreign requirement might be.

Mr. Benidickson: That is the purpose of the amendment. I think that is what we are achieving. Under the existing law a foreign company is required to provide this general statement. It is tied up to two things. It is tied up with either the date on which it submits this annual statement to the foreign country from which it derives its charter; or, alternatively, if it is not required to do that, then it must do so within a certain period of time after this meeting of shareholders. Administratively the superintendent of insurance finds difficulty in checking up on the date of an annual meeting of shareholders of a company whose head office is abroad. So he says that he proposes—and we accept that advice—that administratively it would be much more convenient to forget about any meetings of shareholders and simply say that under any circumstances the statement must be filed within six months after the balancing date of the company, whether or not there was a shareholders meeting or whether or not a general statement was required to be filed in that jurisdiction.

Mr. Hamilton (York West): I may be wrong on this, but it seems to me that you are not accomplishing what you are setting out to do because the wording of the section is not "and in any case within six months". It is "within six months" provided there is a failure to bring it in within one month of the filing date in the domestic jurisdiction. The domestic jurisdiction might require this return two years after the close of the fiscal year, in which case we would have to wait for two years and one month. This is not a limitation to the six months that you have led me to believe was the reason for the change in the statute. I am suggesting that the wording should be something like this: "and in any case within six months after the balancing date of the company in each year". I would respectfully submit that the parliamentary assistant might take a further look at this wording before we pass the clause, or he will not be carrying out what the superintendent of insurance desires.

Mr. Benidickson: I tried to make it clear that we are not interfering with the date of reporting in Canada, if there is a requirement for filing a statement in the country abroad. What we are doing is eliminating the necessity of concerning ourselves with whether or not there was an annual meeting of shareholders. That matter has been found inconvenient to supervise. If no date for filing is required in the other jurisdiction, then we will henceforth require that a statement be filed with us six months after the annual balancing date. I point out to my hon. friend that we are rather in the driver's seat because the registration could be withdrawn.

Mr. Hamilton (York West): Surely, Mr. Chairman, we do not want to find ourselves in the position that we are dependent upon the law in a foreign jurisdiction for obtaining the report that is required by our department. I think the matter simply boils down to that. If the situation should be that the superintendent does not get his report within six months, he should be in a position to call for it. Under this legislation I say that there can arise a condition in which he cannot do so, and he may be hung up for two years, three years, or whatever the law in the foreign jurisdiction may be. It may be all right to say, "Oh, in these foreign jurisdictions their requirements are as stiff as are our own in connection with insurance matters". But as a matter of fact, I have had a little bit of experience in connection with this type of work, and it seems to me that what should be in here are the words that I have indicated. If the parliamentary assistant will read that paragraph over again, I think he will see the wisdom of my suggestion and will agree that the final words should have been "and in any case within six months".

The Chairman: Shall the clause carry?

Some hon. Members: No.

Mr. Monteith: Is that not the actual intent of the clause, namely, that in any case the statement should be filed within six months?

Mr. Benidickson: No, Mr. Chairman. If in the foreign jurisdiction there is a date with respect to the filing of a report of a foreign insurance company, we are not proposing to change our requirements in that

respect. If my hon. friend looks at the explanatory notes on the right hand side of the page and reads there the existing law he will see that at the moment it is as follows:

> The statement of general business required to be made under section 21 shall be deposited in the department within one month after it is required by law to be furnished to the government of the country in which the head office of the company is situated, . . .

We are not changing that. We are changing only the portion that hitherto has had the filing in Canada in the alternative tied up with the date of the holding of a shareholders meeting in the foreign jurisdiction.

Mr. Monteith: Would it not be preferable to the superintendent of insurance actually to receive these statements at the end of six months rather than to look for them at the end of ten months, twelve months or fifteen months?

Mr. Benidickson: This bill has his approval. He reports he has had no difficulty administratively with respect to these reports, except in the circumstances where he is obliged to inquire about when an annual meeting was called in the foreign country. Under those circumstances, he has had difficulty, and he thinks this is an improvement.

Clause agreed to.

Title agreed to.

Bill reported.

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

Mr. Knowles: By leave.

Mr. Harris moved the third reading of the bill.

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

CANADIAN AND BRITISH INSURANCE COMPANIES ACT

AMENDMENTS RESPECTING DEPOSIT, FILING OF STATEMENTS, ETC.

Hon. W. E. Harris (Minister of Finance) moved the second reading of Bill No. 438, to amend the Canadian and British Insurance Companies Act.

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

On clause 1—

Mr. Monteith: A few moments ago, Mr. Chairman, the hon. member for Notre Dame de Grace mentioned that British and foreign companies' deposits were to be increased to $200,000. This bill increases the deposits of Canadian companies from $50,000 to $100,000. I understand this is to put Canadian and British and foreign companies more or less on the same footing, and I wonder if the parliamentary assistant would mind explaining how that would come about.

Mr. Benidickson: A Canadian company, Mr. Chairman, first of all must seek an act of incorporation from parliament. In that connection today, in order to get the recommendation of the superintendent of insurance before the bill is presented here and before it is considered in the banking and commerce committee a company is required to put up an initial capital of $200,000 as a minimum if it proposes to do business in the life or fire insurance fields. It is for that reason the Canadian deposit requirement is less than that of the British or foreign companies, because a Canadian company has the additional requirement of having minimum capital that has to be put up by the shareholders in Canada.

Clause agreed to.

Clauses 2 to 5 inclusive agreed to.

Title agreed to.

Bill reported.

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

Mr. Knowles: By leave.

Mr. Harris moved the third reading of the bill.

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

PUBLIC SERVICE SUPERANNUATION ACT

AMENDMENT TO EXTEND APPLICATION, MAKE CHANGES IN ADMINISTRATION, ETC.

Hon. W. E. Harris Minister of Finance) moved the second reading of Bill No. 440, to amend the Public Service Superannuation Act.

Mr. Knowles: Is the minister going to make a statement at this time or would he rather speak when it is time to end the debate?

Mr. Harris: I would rather speak later, sir.

Mr. Drew: Is the minister not going to make any statement as to the stage at which he is going to take into consideration any of the proposals that were put forward on an earlier occasion?

Mr. Harris: The proposals that were put forward on an earlier occasion, Mr. Speaker, had to do with some action the government

might take outside the terms of the bill, and I thought I would deal with that at the conclusion of this debate.

Hon. George A. Drew (Leader of the Opposition): I had hoped, Mr. Speaker, that since this subject was raised we might have had the assurance that the government will take action to deal with the very serious plight of many superannuated civil servants, members of the armed forces and members of the Royal Canadian Mounted Police who received their pensions at a time when the dollar was worth a great deal more than it is today. Just a few nights ago, I was looking at a television broadcast which compared the cost of living in Canada in 1936 with that in 1956, as well as comparing some other events. It brought home very vividly the tremendous difference in the amount of money that is required to give even a minimum of living standards.

Now, whether it is possible to deal with this subject within the framework of the bill now before us, at least it does seem to me it would be appropriate at the time when we are dealing with the public service superannuation that we should have a statement that there will be at this session something done to rectify an injustice which has continued far too long. We are not making any suggestion that is unrelated to reality. We are not making any rash proposals. As has been indicated, already in the United Kingdom there have been several progressive changes in the superannuation payments to a wide list of those who depend upon the government of the United Kingdom for their pensions. The last of those was during the spring of the present year. At that time it was pointed out that this is something that cannot be measured on a contractual basis. It was pointed out, as it has been pointed out on other occasions, that the civil servants, members of the armed forces and others, who received payments of that kind, accepted and received for many years payments which were far below the level of payments for corresponding activities in private occupations.

I must say that there has been a satisfactory improvement in the situation within the civil service here and in the provincial governments of Canada in recent years. Undoubtedly the gap between the amount received by civil servants and those doing similar work outside has been narrowed. We must recognize that the gap was very great indeed in earlier years. Pension payments were related to the amount they had received. Nevertheless, they were supposed to provide a minimum decent standard of living for those who were superannuated. I submit that this cannot be dealt with on a contractual basis like an insurance policy, or something of that kind. The test is a very simple one. Do the payments they now receive provide an adequate amount to give a decent minimum standard of living to those who served their country well in those various services? An attempt has been made to meet this situation upon that basis in the United Kingdom and in the United States. They have dealt with it on more than one occasion.

It must be common knowledge to every hon. member in this house that there are many splendid citizens of advanced years who served this country, either in the civil service, the armed services or the Royal Canadian Mounted Police, who are living in really desperate circumstances because of the inadequacy of the pension they receive.

If no other jurisdiction similar to ours had dealt with this subject, then it perhaps might be argued that this is one of those unfortunate instances where a contract has been made and that the contract must stand. However, in the United Kingdom, in other nations of the commonwealth as well as in the United States a real attempt has been made to meet this situation in a spirit of justice and humanity. I do not think it is possible to put into words the anguish of many of the people who are trying to eke out an existence on the pitifully small pensions that were fixed many years ago. I do not intend to put them on record, but I have received many letters, as I am sure other hon. members have, that tell the heartbreaking story of the struggle merely to survive with the amount of the payments they receive.

I would hope that since we are dealing with civil service superannuation, and since I am sure there will be general approval of such a plan, the minister will state now that steps will be taken to provide an over-all increase in the amount of pension. That could be done immediately. Then, more elaborate procedure could be followed to examine this subject thoroughly, as it has been examined in the United Kingdom, in the United States and elsewhere, and basing the adjustments upon the time at which the payments were made and upon the very real need of those people who have given great service to Canada, this situation could be dealt with in a way that I am sure would meet with general satisfaction. I find it difficult to believe that there would be opposition from anyone if such a proposal were made. I hope the minister, even at this stage of the session, will make an announcement that justice to those superannuated civil servants, members of the armed forces and members of the Royal Canadian Mounted Police will

be meted out at this session. In that way, hope, encouragement and some faith in their prospects for the future will be given to many deserving people who are in desperate circumstances today.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, it seems to me that this is an appropriate occasion—and I gathered from what he said a moment ago that he intends to do it—for the Minister of Finance to make the statement which he promised on February 21 of this year he would make regarding this question. I refer in particular to the plight of superannuated civil servants, namely, those already retired who are on pensions in the lower brackets.

The fact that we are saying very little about what is in the bill that is now before us is a recognition of the fact that the steps proposed by this bill seem all to be good. As far as I can ascertain from my study of the bill, they are all steps in the right direction. They meet problems that have arisen in the administration of the Public Service Superannuation Act. Our complaint, however, is that once again the government is dealing with superannuation matters so far as our civil servants are concerned without touching this problem that faces so many of our older employees who are already retired and are having to exist on very small pensions.

I shall not take the time of the house to repeat the material in the speech that I made on February 21 of this year, as found in *Hansard* on pages 1415 to 1420. Neither will I attempt even to summarize the many speeches that I have been making on this subject during the regime not only of the present Minister of Finance but also of at least two of his predecessors, namely Mr. Abbott and Mr. Ilsley. I mention that fact simply to underline the situation with which we are confronted, namely, that for a long time some of us have been pleading for a measure of justice for our retired civil servants. Perhaps I might take just a moment to point out that the figures that have been given this year, as may be found on page 785 of *Hansard* for February 1, 1956, show that there are 2,710 retired civil servants whose pensions are less than $50 a month. That figure is included in a total number of retired civil servants of 13,022. On that same page it will also be seen that there are 4,196 widows of retired civil servants on pensions of less than $50 a month. That figure of 4,196 represents almost two-thirds of the widows of retired civil servants who are on pension. The total number of such widows is 6,459.

It is on behalf of all retired civil servants who find their pensions inadequate as the cost of living goes up that we plead with the minister, but we plead in particular on behalf of these folks in these lower pension brackets. As has been pointed out to the minister from this side of the house time and time again, we are not asking the government to break new ground when we ask that something be done for persons already retired, despite the argument the government continually throws at us about contractual relationships.

The Leader of the Opposition has just mentioned, as indeed I have put it on the record time and time again, that this has been dealt with by the government of the United States and by the government of the United Kingdom. It has been dealt with by the governments of a number of the states of the American union; it has been dealt with by two or three provinces of this country; it has been dealt with by private organizations like the Canadian Pacific Railway and International Nickel. In the case of the Canadian Pacific Railway the supplement which is given to certain pensioners is, I admit, cut off at age 70 when old age security comes into effect, and there are other complaints in that connection which we have already registered. But the fact is that quite a number of employers and jurisdictions have recognized that they have a moral responsibility to their former employees with respect to their standard of living after their days of active service to their employers are over.

We have made the argument time and again, and I refer to it again tonight, that the rise in the cost of living is something that has to be faced by these people and we feel a greater responsibility in this regard rests upon the government than on private employers because the government has some control over the economy of the country and some control over the cost of living.

I submit, Mr. Speaker, that not only does the government owe consideration to these people because the cost of living has gone up and because they cannot get by on their small pensions but I submit also that the time has come for the government to recognize with respect to its own retired employees that people who have served their day and generation and are living in retirement have a moral right to share in the improved conditions that are achieved even after they retire.

I am sure it is not inappropriate to draw a parallel between this situation and what one would do in any ordinary decent family. I am sure any family that had its parents living in the family home and was able to improve its standard of living, if the time came when the old folks were no longer working the younger members of the family

would not take steps to keep the old folks on the old standard of living. The ordinary, decent and human thing to do would be to share the better fortune, the higher standing of living, with all the members of the family.

I suggest that that is a parallel to which we shall have to come in society as a whole. That, indeed, is the philosophy that underlies the contentions many of us have made across the years regarding old age pensions. Actually what we are asking is that people who worked in years gone by and helped build up the country should receive not just what they by their toil laid by in years past; in our view they should share in the productivity of the present.

I enunciate that principle so far as older people generally are concerned and I think it applies with particular force to the government in relation to its former employees. It is not good enough, Mr. Speaker, to rely on the argument about a contractual relation and to turn faithful employees out saying to them, "Now that your days of actual labour are over, do the best you can on whatever pension the contract provides you". The fact of the matter is that due to their service the country has moved on. Due to what they did in the past, the present and the future witness greater productivity. We contend that those who in the past did the work that helped to make possible the greater productivity of the present and the future have a right to share in that higher productivity.

I point out in this connection, Mr. Speaker, that it is not only those of us whose approach to this problem may be pretty heavily humanitarian who are thinking along these lines but that some pretty hard-headed business people are facing up to this angle of the pension problem; namely, that a pension scheme will not be completely satisfactory until it provides not just a fixed number of dollars at the time of retirement, that time being years in the future, but a pension scheme to be satisfactory must provide the kind of pension in the days that lie ahead that will enable a person to live decently in those future years.

I have in my hand a copy of one of the monthly bulletins published by William M. Mercer Limited. This is a private company with offices in various cities of Canada that helps other companies set up their pension plans and it deals generally in that line of business. As a matter of fact, these monthly bulletins which William M. Mercer Limited sends out contain a good deal of useful information about pensions and other matters.

I have with me this company's bulletin dated June 1956 which is marked volume 6, No. 6. After some comments on an aspect of this year's budget which had something to do with pension funds, this bulletin deals with this very problem about which we are talking tonight and says this:

> The philosophy adopted by many who have tried to think the problem through is: whatever the rules of a pension plan may say it is fundamentally different from an insurance contract—it must eventually provide pensions related to employees' earnings and costs of living at retirement. If the benefit formula does not do this, the plan will be amended from time to time (either unilaterally or through collective bargaining) so that this goal is achieved. The pension fund must be looked upon as an accumulation of securities which gives the employees an equity in the future productive capacity of Canada.

In my view, Mr. Speaker, that is very well put. What is important in a pension plan that is in effect now for people working in the fifties is not just that a certain number of dollars that mean something in 1956 will be available as a pension in 1970 but rather what is important is that a person working in 1956 and giving his best to his employer, the community and the nation will know that in 1970 he will enjoy a retirement based on Canada's productive capacity at that time. We have denied that principle to employees of this government who worked for the government in years gone by and are now retired. We condemn them under the slogan of a contractual relationship to a number of dollars that meant something in the forties or thirties even though that number of dollars means nothing today.

I contend, Mr. Speaker, that there are two things that have to be done. First of all, I contend that the government has to find some way to make a plain ordinary supplement out of general revenue to these people who are now retired and whose pensions are in the lower brackets. But that will not be enough. In addition to that I contend that the government has to do some real hard thinking about its Public Service Superannuation Act to make sure that 10, 20, or 30 years from now the same problem will not arise again for the people who are now working and who at this moment think the pension they are going to earn will be quite adequate. I have no doubt that many of the people listed on page 785 of *Hansard* for this year who are receiving a pension of $70 or $80 a month thought in the days when they were working and foresaw the possibility of a $70 or $80 monthly pension that it was going to be very nice. They find that that is not the case today.

I repeat that there are two things to be done. On the one hand the government owes it in terms of morality and humanity and decency to the people now retired on these small pensions to supplement the pensions and bring them up to a decent figure, and

in asking the government to do that we are asking them to do only what other governments, other jurisdictions and in many instances other employers have done already.

In addition to that I invite the government to give serious consideration to the principle or the philosophy suggested in the bulletin by William M. Mercer Limited, which I read, namely that a pension fund must be a means not just of storing up dollars based on one's past earnings but rather a means of providing employees with an equity in the future productive capacity of Canada.

Just to underline still further my contention that what we plead for is not only humanitarian, although surely that should be sufficient, but is also something to which people are giving thought in academic terms may I remind the minister of something that he probably knows, namely that this matter is being studied by experts in the professional institute which represents employees in the public service of Canada.

I have before me a very interesting article on this subject which makes a number of suggestions. The article is academic in nature and in my view is particularly well done, but because it is academic perhaps I can sum it up and give some of its suggestions to the minister just to indicate what some other people have thought about this problem and the solutions they offer. For example, it is suggested that one way to deal with the plight of superannuated civil servants whose pensions are inadequate is to supplement those pensions out of general revenue. So far as the immediate situation is concerned I think that is the only answer, but that is not a permanent answer because to do that today is to admit that 10 years from now it is going to have to be done again. In other words, the act is not completely satisfactory.

Another way to deal with this matter would be to put actuaries to work—this is suggested in the article to which I have made reference—to compute what is likely to be the rise in the cost of living, the rise in the standard of living and the rise in the productive capacity of Canada year by year during the years that lie ahead. It is difficult perhaps to be a prophet in this field, but actuaries have been able to achieve some rather accurate predictions with their research and study. It is suggested that it probably could be ascertained what additional premium or payment into the fund would be necessary by civil servants so as to provide an automatic increase in the pension after retirement of, shall we say, 2 per cent per year or whatever figure might be arrived at to compensate for the increased cost of living, on the one hand, and on the other hand to give to retired civil servants their share of the increased productive capacity of Canada.

That is one way it could be done and I suggest that it merits active consideration by the government. An amendment could be made to the act to provide for a slightly higher payment into the fund the purpose of which would be to guarantee to civil servants on retirement that although their pension at retirement would be at the figure arrived at by the computation set out in the act, it would go up by a fixed percentage each year from then on so that they would not have to worry about losing out in the scramble created by an increasing cost of living.

Another way, and this also has been suggested, in which this could be dealt with is by arranging for a special fund separate from the normal fund provided for by the Public Service Superannuation Act, and patterned something after the way in which supplementary unemployment insurance benefits were first brought in. I remind the minister and the government that when it was first decided to have unemployment insurance benefits of a supplementary nature for seasonal unemployment it was decided that there would be a slight extra contribution to provide for those supplementary benefits.

Similarly I suggest that it would be feasible to have a fund into which the working civil servants would contribute a small additional amount to make possible supplementary payments to those now retired. The return or *quid pro quo* to those now working for making that payment would be the knowledge that when they reached retirement the civil servants of that day would pay into a fund to provide whatever supplement was necessary for them. In that way our retired civil servants would continue to get their share of the increased productivity of the nation just the same as we contend that those working at any one time are entitled to an increasing share of the country's increasing productivity.

There is another suggestion which could be made in connection with this matter but which perhaps is a little more difficult to work out in connection with a government scheme. Investments might be made of certain kinds with regard to these funds so that the amount of money in the fund would reflect the increased earnings of the country at any time.

I could go into further details of these various plans but I need not do so because I think I have made my point that thought has been given to this, not just in terms of a humanitarian approach, although that should be sufficient, but also in terms of an academic approach. There are people who are studying this question because they realize the difficulties that exist. Although the government may think that the Public Service Superannuation Act is perfect, it has one sharp deficiency which is felt by hundreds or indeed by thousands of people right now and which will be felt by thousands more in the years that lie ahead.

Therefore it does seem to me that the statement which on February 21 the minister promised to make is one that should be made in the light of its importance. I hope he will arrange the business of the house tomorrow so that this can be dealt with without having another break. This matter has been interrupted time and time again during the session and I hope arrangements can be made so that he can deal with it in the morning and let the house know that the government is at last becoming aware of the seriousness of this problem, is at last becoming aware of the fact that something has to be done about it. I hope that the minister in his statement will not just repeat the negative answers which Mr. Ilsley and Mr. Abbott gave, but rather that he will indicate that the government knows that the time has come to do something about his problem.

I do no know just what the plans are for the moment, so I suppose I had better play safe and move the adjournment of the debate.

Mr. Harris: There is no possibility of going on with this debate tomorrow if that is what the hon. member had in mind.

Mr. Knowles: That being the case I had better move the adjournment of the debate, unless the minister is prepared to answer right now.

Mr. Harris: I am.

The Acting Speaker (Mr. Applewhaite): There are two things which I think should be pointed out. If the minister speaks now he will close the debate and we would have to have consent for the minister to speak, it being after ten o'clock. Order. I hear several members saying "ten o'clock". Has the Minister of Finance permission to speak now?

Some hon. Members: Agreed.

Mr. Knowles: Yes.

An hon. Member: No.

The Acting Speaker (Mr. Applewhaite): I hear "no".

On motion of Mr. Knowles the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Harris: Mr. Speaker, the business tomorrow will be as agreed upon, namely, the estimates of national defence, followed by defence production and northern affairs.

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

HOUSE OF COMMONS

Wednesday, July 18, 1956

The house met at eleven o'clock.

PRIVILEGE

MR. DUFRESNE—ALLEGED ALTERATION OF "HANSARD" OF JULY 16

Mr. J. Wilfrid Dufresne (Quebec West): Mr. Speaker, I rise on a question of privilege. On Monday last, July 16, hon. members in this house heard the hon. member for Hull (Mr. Caron), speaking on federal-provincial tax agreements, state that equalization payments made by the federal government to the provinces were "charitable gifts" or, as he said it in French, "des dons de charité". The Canadian Press and other parliamentary correspondents quoted in their respective newspapers these words of the hon. member for Hull. On looking at *Hansard* of the same date we find, however, that these words "charitable gifts" were replaced by the expression "merely an act of distributive justice", or in French "simplement un acte de justice distributive", which has an entirely different meaning than the words originally used in this house by the hon. member for Hull. That is to say, Mr. Speaker, *Hansard* has been changed once more for self-serving purposes beneficial to the hon. member for Hull.

I therefore suggest that the hon. member for Hull owes this house a full explanation for the unqualified change made in *Hansard* of July 16, stating where the authority for such a change to be made came from.

Furthermore, I request that the words actually used in this house by the hon. member for Hull be restored. Changing *Hansard* must not be permitted to become a contagious disease.

Mr. Speaker: The hon. member for Hull (Mr. Caron) is absent at the moment. I am sure he will take note of the remarks made by the hon. member and govern himself accordingly.

[*Later:*]

On the orders of the day:

Mr. Dufresne: Now that the hon. member for Hull is back, not in his seat but near his seat—

Mr. Caron: It is none of your business.

Mr. Dufresne: —would he be in a position to help answer the question of privilege I raised a few minutes ago and give us an explanation of the change?

Mr. Caron: I prefer, since the question comes from the hon. member for Quebec West, to read what he actually said before I give an answer.

Mr. Dufresne: I think this matter is serious and I will, with the permission of the Speaker and the house, read the question of privilege I raised a few minutes ago.

Mr. Speaker: No; the hon. member has risen on a question of privilege and it is on the record. The hon. member for Hull was absent while the matter was being raised, and it is quite legitimate for the hon. member for Hull to read the remarks of the hon. member before he makes whatever explanation he cares to make.

EXTERNAL AFFAIRS

RUSSIA—STATEMENT ON REPLY TO LETTER FROM PREMIER BULGANIN

Right Hon. L. S. St. Laurent (Prime Minister): Hon. members will recall, Mr. Speaker, that on June 12 I tabled in the house the text of a letter addressed to me by Premier Bulganin on the question of disarmament. Similar messages, as hon. members know, were received by the heads of six other governments: United Kingdom, United States, France, Germany, Italy and Turkey.

Hon. members will observe that all recipients are members of the North Atlantic alliance; they felt that, before replies were dispatched, there should be full consultation with the other members of the organization which were concerned with the issues raised in these messages. My reply, which took full account of the views of our NATO partners, was transmitted on Monday, July 16. In accordance with the usual practice in these cases, we agreed upon a brief delay in making the text public and I am pleased now to lay copies of my letter before the house.

[*Later:*]

On the orders of the day:

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, in view of the fact that the letter of Mr. Bulganin to the government of Canada was known at the time

it was presented, and in view of the very general interest in the subject, I wonder if the Prime Minister is in a position to summarize the nature of the reply he has made, short of actually reading the letter if he deems that is not advisable? It seems to me there is general interest in the subject and that the members of the house might wish to know the effect of what has been said to the Russian government in these circumstances.

Mr. St. Laurent (Quebec East): Well, Mr. Speaker, I would not care to attempt to summarize the letter. The letter will be made public. It is now tabled and it will receive such publicity as the gentlemen of the press feel its importance would justify.

We do express the view that had there been such a reduction at the time the western powers were making their reductions in armaments ten years ago it would have been apt to produce greater satisfaction throughout the world; that notwithstanding this reduction it is still quite evident that the armed forces of the Soviet republics in Europe will still greatly exceed in numbers the armed forces of the western powers and that we cannot accept the charge that neither we nor the western powers have been making any effort to bring about disarmament; and that from the very inception of the establishment of the atomic energy agency Canada has been a member of it and has also been a member of the disarmament commission and that although the disarmament commission has not achieved great material results up to the present time we think it would be extremely unfortunate if its efforts to bring about a genuine system of progressive disarmament that would also progressively produce greater mutual confidence between the nations of the world were in any way hindered.

The situation as to the destructiveness of modern methods of warfare is making the problems of agreed disarmament more intractable, but there would still be a great opportunity to serve the whole of mankind by general agreement with respect to disarmament which would provide effective control and effective safeguards against surprise attacks.

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, in view of the general interest in this topic I am wondering if the Prime Minister would not consider it wise to have this letter printed as an appendix to *Hansard*. I think that would be better than relying on the press. If the Prime Minister has no objection I suggest that that be done.

[Mr. Drew.]

Mr. St. Laurent (Quebec East): I certainly have no objection. The letter is now a document before the house, and if it is the desire of the house to have it printed as an appendix to *Hansard* for the convenience of hon. members I certainly have no objection. Perhaps Mr. Speaker might ascertain whether that would be the desire of the house.

Mr. Speaker: Instead of having the letter appear as an appendix perhaps it could be placed in *Hansard* following the remarks of the Prime Minister. Is that agreeable?

Some hon. Members: Agreed.

Mr. St. Laurent (Quebec East): The letter follows:

Office of the Prime Minister
Canada

Ottawa,
July 16, 1956.

His Excellency
Nikolai Bulganin,
Chairman of the Council of Ministers,
The Kremlin,
Moscow,
U.S.S.R.

Dear Mr. Chairman:

Thank you for your letter of June 6 on the question of disarmament with which you forwarded the statement of May 14 of the government of the Union of Soviet Socialist Republics. The government of Canada has given earnest consideration to the contents of your letter and the accompanying document.

We have noted with interest the announcement of reductions in the armed forces of the Soviet union to which you refer in your letter. However, our satisfaction over the announcement is somewhat tempered by the reflection that these reductions would have been more timely ten years ago, when the western powers demobilized the great armies they had brought together in the common interest of the United Nations, and that the Soviet union will continue, even after the reductions, to dispose of a far greater number of divisions in Europe than those which the western powers have stationed there. We have also, of course, considered your letter and the related documents in the light of a number of recent statements on the part of Soviet authorities concerning the modernization and expanding might of the Soviet armed forces.

It is because of such considerations that Canadian representatives have consistently expressed our firmly held view that, if they are to contribute to international confidence, reductions in forces should be part of an agreement providing for machinery to reassure all signatories that the reduction measures are in fact carried out. We believe that the need for such controls together with an adequate system for warning of preparations for surprise attack has become more pressing during the past few years when, as you observe in your letter, new and increasingly destructive weapons have been developed.

As you are aware, Mr. Chairman, Canada has been directly associated with the search for an agreement ever since the United Nations general assembly in its first resolution created the atomic energy commission and laid upon Canada, as a permanent member of the commission, a part of the continuing responsibility for finding a solution

to the problem of disarmament. Our participation in the negotiations in that commission and more recently in the disarmament commission and its sub-committee has made us acutely aware of the difficulties which beset the problem; it has also enabled us to associate ourselves intimately with the repeated efforts and initiatives on the part of the western powers to bring about a general disarmament agreement. This is not the place to recapitulate these successive endeavours which stand in the records of the United Nations. However, you will understand, Mr. Chairman, that my colleagues and I are impelled to state that we cannot accept the charge of a negative stand, as alleged in your government's statement of May 14, on the part either of Canada or of the other western powers.

The government of Canada shares the regrets you have expressed that the discussions on disarmament have not been productive of agreement. However, it is our impression that the more recent negotiations, particularly in the sub-committee of the disarmament commission, have given some cause for encouragement. We therefore differ with the stated views of your government that the discussions in the sub-committee have been marked by futility. It would, in our opinion, be unfortunate if these negotiations were to be interrupted. We favour the continuation of efforts through the United Nations to reach an agreement covering limitation, reduction and control of armaments including nuclear weapons. We consider that discussions in the sub-committee of the disarmament commission as well as in the commission itself are more than ever necessary in order to reach an agreement which will ensure the security of all by means of an adequate system of international control.

It is the belief of the government of Canada that the international situation which we hope ultimately to achieve can be created only through the establishment of greater mutual confidence progressively and by stages. In any comprehensive program directed to that end there should be arrangements designed not only to cover disarmament and control but also to solve urgent political questions, in particular the reunification of Germany and the problem of European security.

The government of Canada is strongly of the opinion that if a mutually satisfactory agreement on disarmament can be negotiated an important contribution will have been made to the development of greater confidence between nations. I assure you, Mr. Chairman, that for our part, we will continue to exert every effort in negotiations within the framework of the United Nations to draw closer to an agreed solution. We are the more prepared to make these efforts to reach agreement because of our conviction that the disarmament problem is becoming even more intractable with the passage of time but that, if there is a corresponding willingness to co-operate in these negotiations on the part of the Soviet government, significant and gratifying results can still be attained.

Yours sincerely,
(Sgd.) Louis S. St-Laurent.

[*Later:*]

ALLEGED COMMUNIST INVESTMENT IN UNITED STATES THROUGH CANADA

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I should like to direct a question to the Secretary of State for External Affairs and ask him whether or not the evidence of Chairman J. S. Armstrong, of the United States security and exchange commission, given before the United States Senate committee has been brought to his attention, to the effect that Canada may be being used by the communists for the investment of money in American industry? Has he ever heard of any suggestion along that line and has any complaint been made by the United States government or has any investigation with regard thereto been made by the United States government?

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, I have read the evidence in question. We are looking into the matter. However, to my knowledge, no matter of this kind has been referred to us as a complaint or otherwise by the United States government. We are making inquiries.

STARRED QUESTIONS

COMBINES INVESTIGATION ACT—WIRE AND CABLE

Question No. 59—**Mr. McCullough (Moose Mountain):**

1. What was the cost of the investigation, under the Combines Investigation Act, into the alleged combine in the manufacture, distribution and sale of electrical wire and cable products?
2. What was the cost of the prosecutions against the companies found guilty under the act?
3. What is the approximate estimate of undue profits made by these companies during the period when they were found guilty of breaches of the act?

Hon. Stuart S. Garson (Minister of Justice): The answer to the first of the hon. gentleman's questions is that the cost of the electrical wire and cable products investigation, not including general office administration, was $40,581.20.

The answer to the second question is that the cost of the electrical wire and cable products prosecution, not including general office administration, was $34,889.41.

The answer to the third question is that no estimate of undue profits could be made. The anti-combines legislation assumes, and I believe rightly so, that if competition is allowed to operate resources will be best employed, cost-saving innovations will be most quickly adopted and prices to the public will be the lowest. Where competition has not been allowed to operate, it is almost always impossible to determine accurately, from the records or other evidence available, what portions of total net profits of the accused corporations during the period in question are attributable to the lessening or elimination of competition by the accused corporation.

Questions

PUBLIC SERVICE INSURANCE

Question No. 60—**Mr. Knowles:**

1. Are civil servants or other government employees who are entitled to life insurance or a death benefit under part II of the Public Service Superannuation Act provided with any card, certificate or other document to show that they are covered by such protection?
2. If not, will consideration be given to the issuing of such a card, certificate or other document so that such employees might have evidence of such protection?

Mr. Benidickson, Parliamentary Assistant, for the Minister of Finance: In the absence of the minister, I wonder if the hon. member would allow this question to stand.

Mr. Knowles: Agreed.

Question stands.

QUESTION

ORDERS IN COUNCIL

Question No. 437—**Mr. Diefenbaker:**

1. How many orders in council are in existence which, while not classified as secret, have not had their contents made public?
2. On what date or dates were such orders in council issued?

Right Hon. L. S. St. Laurent (Prime Minister): There is on the order paper, and there has been for some time, question No. 437, which was placed there by the hon. member for Prince Albert and about which the clerk of the privy council and I have had some conversations with him. He has suggested that he would prefer that I make a preliminary oral answer rather than make it in written form at this time. The question is:

1. How many orders in council are in existence which, while not classiffied as secret, have not had their contents made public?
2. On what date or dates were such orders in council issued?

It is not possible to give a meaningful answer to this question due to the difficulty in determining what orders in council could be said to be in existence and which of those have had their contents made public. A good many hundreds of orders have been passed each year for many, many years, and the great majority of those have never been revoked. The majority of them, of course, are spent in the sense that the actions which they authorized have been taken and they no longer have any current significance. They remain, however, I suppose technically in existence as the authority for the action which was taken at the time. Serious practical difficulties have been encountered in endeavouring to determine what orders could be said to have had their contents made public otherwise than with respect to those that are published in the *Gazette*, part II, statutory orders and regulations.

The problem arises from the fact that a great many orders, particularly those of an administrative character, are not published in the sense of being printed in the *Canada Gazette*, but each is made known to those concerned with it and is normally available for inspection by anyone interested in its content. Such orders range, for example, from those that are printed in the Queen's Regulations and Orders for the Royal Canadian Navy, the army and the air force, which are of course very widely circulated in printed form. And then there are specific orders such as one, for example, that authorizes the construction of a wharf under the Navigable Waters Protection Act, of which properly certified copies are supplied to the applicant and others who may have any legal need for such copies.

There are also many orders relating to matters purely within the public service and a variety of administrative orders authorizing the entry by ministers, departments or agencies into contracts, land transactions and like matters. We could not tell without a diligent search of departmental records in each case whether those individual orders have ever been made public in any particular interpretation of that term. In some cases it will have been simply by chance that someone may have asked for an order in which he was interested; whereas other orders of a similar kind are not asked for and have not been made known except by those directly concerned with them.

All these orders, of course, have been listed in the summary that has been made available to parliament since July 1, 1948, and those which members of parliament have asked for, based upon the summary, have been provided except in the very few cases of the type that was mentioned earlier in this session and about which I spoke on January 31, as recorded on pages 701 and 702 of *Hansard*. Those were orders concerning transactions with other governments, and which were not secret orders but which it was felt out of courtesy to the other governments should not be widely publicized, but about which I declared they would be communicated confidentially to any hon. member who might be interested. I have had a count made of the number of orders of that kind that have been passed since I spoke in the house on January 31 and which it may be that the hon. gentleman had in mind in his question of April 20 last, and perhaps which he still has in mind. These are orders which, of course, we are prepared to make available confidentially to members but about

which we would not wish to give wide publicity because of the interest of other governments concerned in the transaction to which each one of these orders refers. The number of these since January 31 is 12, eight of which authorized the transfer of mutual aid supplies to NATO countries, and four of which authorized the sale of material in defence stores under section 11 of the National Defence Act.

Perhaps the hon. gentleman who asked the question could consider the difficulties I have outlined and let me know what he would be interested in and I can assure him that we shall make every effort to supply such information as he feels it would be proper to have placed on the records of this house.

Mr. Diefenbaker: Mr. Speaker, if it is permissible to ask a question at this time I should like to do so. In view of the statement of the Prime Minister to the effect that there are many orders in council which it is impossible for the privy council to know are or are not in effect now or have been exhausted, would the Prime Minister consider placing in the *Canada Gazette* a record or list of all orders in council that have not been published as yet which amend, suspend or abrogate any statute or portion of a statute so that the people of Canada may know exactly what the law is and, if the law has been changed other than by parliament, the manner and the degree to which the changes have been made.

Mr. St. Laurent (Quebec East): Mr. Speaker, I shall endeavour to have the cumulative index that is made of part II of the *Canada Gazette* arranged in such a fashion as to provide that information. The hon. gentleman knows there are several statutes which provide that the governor in council may make some variation in their application. I think all of those are published in the statutory orders and regulations. I will have a diligent search made and should there be any that are not published in the statutory orders and regulations I will endeavour to have the cumulative index arranged in a fashion to indicate it.

I would assume that the hon. gentleman would not ask that that should cover the matters within the civil service where there are variations made in the application of the civil service regulations but rather those that have any general application to the Canadian public.

Mr. Diefenbaker: Yes, so that the public may know the law at any one time.

Mr. St. Laurent (Quebec East): In order that we may make it as convenient as possible to refer to anything that has a general application.

MOTION FOR PAPERS

CANADA COUNCIL

Motion No. 93—**Mr. Regier:**

For a copy of all correspondence exchanged between the Prime Minister or any cabinet minister and any person or persons and organizations, since January 1, 1950 to date, regarding the establishment of a Canada Council.

Motion agreed to.

WATER RESOURCES

INQUIRY AS TO DATE OF MEETING WITH UNITED STATES OFFICIALS

On the orders of the day:

Mr. E. D. Fulton (Kamloops): Mr. Speaker, may I ask the Prime Minister (Mr. St. Laurent) or possibly the Secretary of State for External Affairs whether any date has yet been set for the meeting that was to be held between officials of the Canadian government and the United States government to discuss, among other things, problems relating to international waters?

Hon. L. B. Pearson (Secretary of State for External Affairs): No date has yet been set, but discussions have been taking place with the United States government with a view to agreeing on the date.

Mr. Fulton: May I ask a supplementary question of the Minister of Northern Affairs and National Resources. Has the composition of the Canadian delegation to deal with this particular subject of international waters been decided on?

Hon. Jean Lesage (Minister of Northern Affairs and National Resources): No.

PIPE LINES

NORTHERN ONTARIO PIPE LINE CROWN CORPORATION—APPOINTMENT OF GENERAL MANAGER

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I ask the Prime Minister (Mr. St. Laurent) if he is yet in a position to answer my question of last Friday concerning Mr. Bartram?

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, in answer to the question asked last Friday by the hon. member for Winnipeg North Centre with

regard to the appointment of Mr. Victor G. Bartram as general manager of the Northern Ontario Pipe Line Crown Corporation I can give the following information:

Mr. Bartram is chairman of the board of directors of Shawinigan Chemicals Limited and a director of St. Maurice Chemicals Limited, B. A. Shawinigan Limited and Canadian Resins and Chemicals Limited. His positions as chairman of the board of Shawinigan Chemicals Limited and director of the above mentioned companies terminate in March, 1957. I wish to point out that there is no relationship between Mr. Bartram's position as general manager of the crown corporation and his association with the above mentioned companies. Mr. Bartram will be responsible for monitoring the loan to Trans-Canada Pipe Lines and for laying the necessary groundwork for the construction of the northern Ontario section of the line as well as supervising construction when this phase is reached. In carrying out these duties he will be responsible to and take direction from the directors of the Northern Ontario Pipe Line Crown Corporation, who in turn are civil servants appointed by and responsible to the government.

I repeat that none of Mr. Bartram's duties with the crown corporation will have any connection whatsoever with the companies of which he is a director. The duties and responsibilities of the officials and directors of the Northern Ontario Pipe Line Crown Corporation are clearly laid down in the act, and the terms and conditions upon which they shall operate are further set out in detail in the indenture of mortgage with Trans-Canada Pipe Lines Limited and other agreements between that company and the Canadian government. I might say that Mr. Bartram is serving without pay and will continue to do so until he is free from all other engagements.

Mr. Knowles: May I ask a supplementary question? Is it not a fact that B. A. Shawinigan Limited, of which Mr. Bartram is president according to the statement just made by the Minister of Trade and Commerce, is owned in part by British American Oil, which through its ownership of Canadian Gulf is interested in Trans-Canada Pipe Lines because of the fact that Canadian Gulf owns over 300,000 shares of Trans-Canada Pipe Lines stock? I ask again the question I asked on Friday, does the government think it is appropriate—

Mr. Howe (Port Arthur): It is true that B.A. Oil is a shareholder in B.A. Shawinigan, and it is true that Gulf is a shareholder in B.A. Oil, but it seems to me that it is following a very devious line of thought to suggest that that association as shareholders would influence the position of a man engaged by the crown company to undertake totally different duties. My hon. friend seems to have a curious idea of the morality of people that have risen to the top in Canadian industry if he thinks otherwise.

Mr. Knowles: On the basis of my idea of morality, whatever the Minister of Trade and Commerce thinks of it, I ask him whether he thinks it is appropriate for an official to sit on both sides of the table?

Mr. Howe (Port Arthur): There is no sitting on both sides of the table. Mr. Bartram's sole engagement is to see that the government gets value for advances by way of loan to the pipe-line company. Responsibility for his decisions in that regard is taken by his board of directors, and the ultimate responsibility is taken by myself as the responsible minister. This idea seems to be a fixed idea of the hon. member—that the crown company can go out on the street and hire a man without any background and get more reliable service from such a man than from a man who has been through all stages of an industry in this country, has risen to the top and has retired with considerable kudos attaching to his past experience.

Mr. M. J. Coldwell (Rosetown-Biggar): May I ask a supplementary question? Does the minister mean to inform the house that there is only one man who is capable of acting as chairman of this company, when he says that you cannot go out on the street and pick someone up? Are there not other men who have had experience and so on and who are in no way connected with any company which has commitments with Trans-Canada Pipe Lines?

Mr. Howe (Port Arthur): A man that is not connected with any company is one of the army of unemployed, and as such, in this country at this time, I do not want him.

Mr. Coldwell: The minister is taking me up the wrong way. I did not say "not connected with any company". I said "not connected with any company involved in this trans-Canada pipe line."

Mr. Howe (Port Arthur): If my hon. friend will suggest some names that will compare in experience with the name of Mr. Victor Bartram, I should be glad to look them over, but I have always gotten on fairly well by backing my own judgment. My judgment is that Mr. Bartram is the best man available to take that position.

Mr. Coldwell: Of course we do not always agree with the minister's judgment.

Mr. Howe (Port Arthur): I know that. Thank goodness for that.

Mr. Knowles: Mr. Speaker, may I ask another supplementary question. Is it not also a fact that Mr. Bartram is a director of Shawinigan Water and Power Company which is owned substantially by the Power Corporation of Canada which also has shares in Trans-Canada Pipe Lines—

Mr. Howe (Port Arthur): No, sir.

Mr. Knowles: —and that there are other connections as well that involve Mr. Bartram with the private company on the other side of the table?

Mr. Howe (Port Arthur): Mr. Bartram is the chairman of the board of Shawinigan Chemicals Limited which in turn is owned by—I think it is a wholly owned subsidiary of Shawinigan Water and Power. Shawinigan Water and Power Company is one of the largest utilities in Canada. It is owned by practically everybody in Canada. Whether the corporation in question has a comparatively small holding in it, I do not know. But as I say again, I cannot worry about the devious mind which my hon. friend brings to bear on these matters. If he were equally scrupulous about some of the questions he has raised in the house, I think we would have less to worry about.

Mr. Knowles: May I ask the minister if he will investigate this matter and ascertain to what extent the Power Corporation of Canada does own the Shawinigan Water and Power Company? The minister says it may have some small holding. My information is that it has a substantial holding and that in turn it has a substantial holding in Trans-Canada Pipe Lines Limited.

Mr. Howe (Port Arthur): I did all the investigating of Mr. Bartram's associations that I thought was necessary before we asked him to join Northern Ontario Pipe Line Crown Corporation. I will therefore make no further investigations. If my hon. friend continues to think about it as he does, he can continue to think so.

TRANSPORT

REPORTED PROTEST OVER SPEED OF TRAINS IN GREATER OTTAWA AREA

On the orders of the day:

Mr. E. G. Hansell (Macleod): Mr. Speaker, may I direct a question to the Minister of Transport. It is predicated upon the news that came out yesterday that some members of the Ottawa council are placing some responsibility on the Minister of Transport for trains speeding at crossings in the greater Ottawa area. May I ask the minister this question. Has he received any representation in respect to this matter? In any event, what action does the department expect to take in the matter?

Hon. George C. Marler (Minister of Transport): Mr. Speaker, I read the report last night in the newspaper and, from the circumstances that seemed to be related in the newspaper account, I would say that the railway concerned was not one that falls under the jurisdiction of the Department of Transport.

As to the second part of the question, whether any representations have been received by me, the answer is no. No representations on the subject have been received. Until representations are made, I think I should not take any action.

ROYAL CANADIAN AIR FORCE

420 SQUADRON, LONDON—STATEMENT ON REVISION OF DUTIES

On the orders of the day:

Hon. R. O. Campney (Minister of National Defence): Mr. Speaker, yesterday the hon. member for Middlesex East (Mr. White) asked me what the plans of the Royal Canadian Air Force are in respect of 420 auxiliary squadron at London.

In reply I may say that following withdrawal of 420 auxiliary squadron from its flying role, arrangements are now being made to convert it to an aircraft control and warning squadron.

Aircraft control and warning squadrons are essential elements of the ground control organization of the air defence system. Their functions are to man and operate the radars and associated communications for the detection and warning relating to unidentified aircraft and for the control of friendly aircraft and defensive interceptors within the air defence system. The auxiliary units provide back-up of the regular squadrons by maintaining trained fighter aircraft controllers, radarscope operators and operations room staff.

CIVIL DEFENCE

PARTICIPATION OF MEMBERS OF PARLIAMENT IN EVACUATION EXERCISE

On the orders of the day:

Mr. W. M. Hamilton (Notre Dame de Grace): Mr. Speaker, I have a question for the Minister of National Health and Welfare in connection with the major civil defence exercise proposed for Canada late this month. Will this house be offered an opportunity to set an example to the rest of Canada by

participating in the evacuation exercise or any other aspect of the civil defence operation?

Hon. Paul Martin (Minister of National Health and Welfare): Mr. Speaker, apart altogether from the relation of my hon. friend's question to civil defence, may I say to him that I believe the whole nation would be interested in a quick evacuation of this house.

Mr. Hamilton (Notre Dame de Grace): That is what we have been trying to tell you for weeks. Dissolve it.

Mr. Martin: There is a difference between dissolution and evacuation. With regard to the question which my hon. friend quite properly asks, may I say this. The nature of this particular exercise is to test the communications of civil defence in a number of our Canadian communities. It will involve the use of some 5,000 civil defence workers in accordance with arrangements made with the civil defence authorities in the United States. I am sure that my hon. friend, who studies these matters with great care, will appreciate the significance of my reply.

CRIMINAL LAW

INQUIRY AS TO REPORT OF ROYAL COMMISSION RESPECTING CRIMINAL SEXUAL PSYCHOPATHS

On the orders of the day:

Mr. F. E. Lennard (Wentworth): Mr. Speaker, I should like to ask a question of the Minister of Justice. Is he in a position now to state when the McRuer report will either be tabled or published?

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, perhaps before I attempt to answer my hon. friend's question I should inquire which McRuer report he means. The hon. chief justice of the trial division of Ontario is chairman of two separate commissions. Which one has the hon. member in mind?

Mr. Lennard: The one on criminal sexual psychopaths.

Mr. Garson: I thought that was the one he had in mind, but before I gave an answer to that one which would be inappropriate to the other inquiry, of which the chief justice is chairman, I thought I had better make sure. With regard to that one about which he has inquired, may I say that I understand that a draft majority report has already been made and that work is now being done on a minority report.* We will table them as soon as they become available.

* *See amended statement on page 6155.*

[Mr. Hamilton (Notre Dame de Grace).]

ADMINISTRATION OF JUSTICE

ALLEGED DELAY IN APPOINTMENT OF JUDGE FOR BRUCE COUNTY, ONT.

On the orders of the day:

Mr. A. E. Robinson (Bruce): Mr. Speaker, I wish to direct a question to the Minister of Justice. On July 13 I asked the question of the house leader and he said that he would draw it to the attention of the Minister of Justice. The question was with respect to the reason for the delay in appointing a judge for Bruce county.

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, I must admit with some embarrassment that there is some fault attributable to me in this matter because of my having been absent due to illness. I hope we shall be able to make an appointment within the next fortnight.

INQUIRY FOR RETURN

LIGHTHOUSE KEEPER APPOINTMENTS

On the orders of the day:

Mr. A. E. Robinson (Bruce): Mr. Speaker, I wish to direct a question to the Minister of Transport. When may I expect a return tabled in connection with No. 88 with reference to lighthouses?

Hon. George C. Marler (Minister of Transport): Mr. Speaker, I am afraid I shall have to make inquiries to find out what the state of the return is.

POST OFFICE DEPARTMENT

TEESWATER, ONT.—CONSTRUCTION OF NEW POST OFFICE

On the orders of the day:

Mr. A. E. Robinson (Bruce): Mr. Speaker, I have another question. I wish to direct this one to the Minister of Public Works, or in his absence the parliamentary assistant may take it as notice. Can he bring us up to date on what plans have been carried out up to now in connection with the new post office in Teeswater which the department is intending to build this year?

Mr. Maurice Bourget (Parliamentary Assistant to the Minister of Public Works): Mr. Speaker, I will take my hon. friend's question as notice and will give an answer later on.

SUPPLY

The house in committee of supply, Mr. Robinson (Simcoe East) in the chair.

DEPARTMENT OF NATIONAL DEFENCE

Defence services—

235. To provide for the Canadian forces, the defence research board and other expenditures relating to defence, including contributions toward

the military costs of the North Atlantic Treaty Organization; to authorize expenditures in the current year out of the amount hereby provided, not exceeding $143,000,000, under the provisions of section 3 of the Defence Appropriation Act, 1950, and to provide that, notwithstanding subsection (3) of that section, where equipment or supplies are transferred, the estimated present value thereof shall be credited to this vote instead of being paid into the special account mentioned in the said subsection (3), and when so credited may be expended for the purposes of the Canadian forces; and notwithstanding section 30 of the Financial Administration Act to authorize total commitments for the foregoing purposes of $3,470,423,461 regardless of the year in which such commitments will come in course of payment (of which it is estimated that $1,675,484,744 will come due for payment in future years), $1,722,797,717.

Mr. Campney: Mr. Chairman, in view of the fact that a considerable period of time has elapsed since we discussed the estimates of my department on June 20, 21 and 22, it seems appropriate and desirable for me to deal with some of the points and observations made during that period of debate before we resume the debate today. I should like, therefore, to comment on a number of matters arising out of the debate in that three day period.

I should like to make some remarks with respect to the white paper. It seems to me that there is a certain amount of misapprehension about the nature of the white paper. I must say I was considerably surprised at a number of comments made by opposition members. I think the hon. member for Esquimalt-Saanich said the white paper was out of date and did not reflect the changes which had taken place. The Leader of the Opposition said the paper says nothing and it could have been taken out of the record of several years ago. The hon. member for Cape Breton South said it leaves much to be desired. There were certain other derogatory remarks but I think the high, or low, depending on which way you look at it, was reached in a remark made by the hon. member for Nanaimo, who referred to it as a piece of impudence.

It is not my idea that the white paper is formulated to announce policy, but rather to provide members of parliament and the public with general background details and comprehensive statistics about our defence program and about its progress during the past year. Its 50-odd pages dealt with facts and figures for the three services, the defence research board and the activities of the department generally. It deals with various subjects which we consider are of interest both to hon. members and to the public, such as manpower, construction, equipment, etc. I have never regarded the white paper as a policy statement for the future nor a prophecy in respect of things to come. So far as policy statements are concerned, I believe they should be made in the house and I endeavoured to do that in my opening remarks. I may also observe that I do not know how popular or well known it is, but the department also publishes an annual report of 90-odd pages based on the fiscal year, whereas the white paper is based on the calendar year. In view of all that has been said and of the existence of these two documents, my present intention with respect to the future would be to combine these documents into a single publication at a considerable saving in labour and money and endeavour to make it available in the early spring of each year for the previous calendar year. I think in doing that we would be more or less following the precedent which has been set by my colleague the Minister of Defence Production. In any event, in coming to any final conclusion I will be glad to consider any observations hon. members may still care to make.

The hon. member for Esquimalt-Saanich raised a number of matters about which he asked for information, and two of them had to do with mutual aid. He expressed some surprise that there was a contemplated reduction in mutual aid and also expressed surprise at the intimation which was contained in my speech that NATO air training would probably be adjusted downward commencing in 1958. Dealing first with the reduction in mutual aid, I would point out that our mutual aid effort now totals over $1,275 million. It was first instituted somewhat after world war II to provide from existing equipment for our NATO allies defence forces. They had bodies and uniforms, but they did not have very much equipment. Later, it was extended into the field of aircraft. We are now reaching a stage where the primary objectives have been pretty well met and our problem now, in relation to our NATO allies, is how to assist in keeping the equipment of their forces modern. We do not have to take the leading part in that because many of them have developed industrial capacity to take care of their own needs. Having regard to the fact that the equipment we now transfer to our NATO allies is from new production in our own country, I think that $143 million in the current year is very substantial assistance.

With regard to NATO air training, to which I made reference in my opening speech, we have now completed discussions with the military authority of NATO and most of the NATO countries have built up their air crew requirements to the desired level. They have developed their own training facilities to the point where they can look after their own needs. In view of the increasing cost

of defence in our own country it is proposed that we will now close the air training scheme for most nations beginning in 1958 with the exception of three smaller countries in respect of which we hope to work out some further method of continuing assistance.

The hon. member for Esquimalt-Saanich wanted to know how many of the 23,000 militia troops taking summer training were training in units, and how many were taking individual courses. The figures show that about 95 per cent of the militia in training will train as units and the remainder will undertake special courses or training duties. The hon. member also asked as to what steps were being taken to develop a modern short range fighter to succeed the Sabre. The Sabre jet is, of course, primarily a United States development, although it was considerably improved in Canada when equipped with an Orenda engine. Since we never have, in Canada, developed a short range day interceptor, while other nations have, when the time comes to replace the Sabre we will have an ample field from which to select, depending of course on the nature of our needs then. It is not, therefore, a matter of importance at the moment. If we require one at that time we would do as we did before, because of the choice available among day fighters.

The hon. gentleman also stated that he had no criticism in respect of construction of the D.E.W. line, but he questioned the desirability, or the need, of establishing the mid-Canada line. The function of the D.E.W. line is to give warning of impending attack, of course, and to provide the maximum possible warning to the strategic air force and to the civil authorities. The mid-Canada line has the function of confirming the warning of attack and of indicating the direction in which it is heading and of alerting the air defence forces in more detail to get in a position to meet the attack.

The "Pinetree" line provides for control of interceptor counter-attack against attacking enemy forces. The whole of the system forms one vast network linked up by a very comprehensive system of communication. The mid-Canada line, therefore, is an integral and necessary part of our warning system, as is any other part of the system.

A number of other hon. members have also discussed various aspects of our radar line, especially the mid-Canada and D.E.W. lines, and our air defence system. Those hon. members who have had difficulty in understanding what I said about the system in my opening remarks on my estimates might very well look at the statement made in this house by the hon. member for Brandon-Souris on the necessity of our radar network. I think he hit the central point of the matter by stressing that you must look at the system as a whole. I would add that that is the way continental defence was planned. For obvious reasons we started by building that part of the warning and control system nearest to our industrial areas, namely, the "Pinetree" system. This experience indicated that for the next phase of the joint project it would be preferable if Canada constructed the mid-Canada line and the United States undertook the construction of and responsibility for the D.E.W. line.

The hon. member for Nanaimo asked whether we are prepared to integrate our development and research facilities with those of the United Kingdom. Well, we have been doing that now for some years. Perhaps I might point out in that connection that the defence research board has scientific advisers and representatives in both London and Washington on the Canadian joint staff. Our representative in London at the present time is Mr. E. L. Davies, who was until recently deputy chairman of our own defence research board in Canada here. I might also point out that here in Canada we have scientific representatives of the United Kingdom and of the United States co-operating with our own research and development people. I can assure the committee that our liaison in this field has been very successful and useful, and it is based on the principle that Canada concentrates on those research and development projects for which we have unique resources and facilities, or for which there is a specific Canadian military need.

The hon. member for Peace River made some kindly references to the work of the bureau of current affairs and suggested that we should work closely with colleges and universities in that connection. It is encouraging to know that what we are doing is regarded as a step in the right direction, and I want to thank him for his kindly references. I may say that the bureau does work in close co-operation with universities and professional groups in this country and has done so since its inception. For example, last year the bureau sponsored some 780 lectures on Canadian and international affairs at armed forces establishments at home and abroad. The majority of the lecturers were from our universities, professional or cultural organizations. The essence of our current affairs program is the encouragement of discussion groups and the development of discussion group leaders at what we might call the barrack room and mess deck level, and we have found the result most encouraging.

The hon. member for Peace River also stated that he had heard there are piles of good equipment in some armouries which could be used for militia training and that the use is denied to men associated with the militia. Our policy is to equip the regular forces first with certain new standard types of equipment as soon as it becomes available and when this necessary priority has been met to replace similar equipment in the militia. This program is being steadily carried forward and I am advised by my own officials that the equipment used in the militia is today being steadily modernized and made available in greater quantities. I am also advised that this equipment is all being used regularly. If the hon. member or any other hon. member knows of circumstances otherwise I would be grateful if he would let me have the particulars so that any specific case might be looked into.

The hon. member for Oxford asked a number of questions with regard to naval ships. Perhaps they might have been more appropriately asked when we come to the naval estimates, but since they have been asked I should be glad to deal with some of them now. He inquired with respect to the navy's two cruisers, the *Quebec* and the *Ontario*. These ships were reconditioned following world war II and have played an important role in giving very large numbers of officers and men sea training. By now the increase in the number of naval vessels in commission available for training, as well as for other duties, can carry out a good deal of this work more economically than H.M.C.S. *Quebec*, and that ship is now being placed in reserve. The *Ontario* has been converted to train junior officers at sea. The Venture plan cadets have already received valuable training aboard this ship.

The hon. member also asked some questions about the conversion of destroyers and frigates. The approximate cost of conversion, including refitting, runs about $4 million each for the Crescent class destroyers, and $5½ million each for the Tribals. The life expectancy of these ships is something over 20 years from the date of their construction, as is the case in respect of frigates.

Modernization of our frigates costs approximately $3½ million. The Royal Canadian Navy has not converted any destroyers to frigates or vice versa.

The hon. member for Cape Breton South and several other hon. members have discussed various aspects of manpower, and I think it might be helpful to the committee if I make a number of observations on the subject, amplifying what I said at the opening of the discussion of my estimates.

Our objective is to have forces of about the right size for carrying out the defence commitments that this country has undertaken. The approximate balance between intake and wastage last year was about what we expected, because the emphasis has been on the qualitative and long-term career aspects of the regular forces. Our selection procedures, both for initial engagements and for re-engagements, are steadily improving and I think it is significant that now about two men out of every three offered re-engagement in our forces are accepting.

The hon. member for Calgary North mentioned the maximum strength figure of 120,000. The breakdown of that figure was given in the white paper last year at page 22, but as it was the result of an appraisal made some time ago, perhaps I should say a few words about each of the services in the light of current developments.

To begin with, a peacetime maximum strength figure is not a target to be reached as an end in itself. Rather, it is a means to an end, a planning limit within which the services agree to work out the details of their programs to enable us successfully to carry out our commitments.

In the case of the navy, this year's estimates provide for a slight increase over last year's average strength, but still within the ceiling. There have been no naval developments which were not foreseen reasonably accurately when that figure was agreed on.

Similarly, for the air force, provision is made for some increase this year, again within the ceiling. But I should like to point out that, having regard particularly to the formation of additional CF-100 squadrons which I mentioned on June 20, a careful reappraisal of the air force position is being made.

In respect of the army I would like to stress what I thought I made clear last year, and this applies both to the regular army and to the militia, that we on this side of the house have never subscribed to the nonsense which has been talked about abolishing our ground forces. Our army undoubtedly has an essential role to carry out and our efforts are being directed now to seeing that it will be in the best possible shape for carrying out its role.

In the coming year our emphasis on the qualitative aspects of selection and training may result in a small further decrease in total army strength as we work toward increasing flexibility and mobility and a more compact and effective army, but taking the regular army and the militia together we have and expect to continue to have a force of something between 85,000 and 90,000 men.

Perhaps I should also add that the cadet component affiliated with the army has for some time been close to its ceiling of 65,000 and we have recently authorized an increase in this ceiling to 75,000, thus bringing to 107,500 the total ceiling for cadets of the three services.

There is only one other point that I would like to make at this time. When you look at the size of the regular forces in particular, you must also take into account our civilian establishment. When we take on civilian employees to cover off positions formerly filled by service personnel, those service personnel are freed for other duties. Apart from some economies involved, this has also been a factor in decreasing the pressure to revise service maximum strengths upward. But our objective for both service and civilian personnel is to employ only that number of persons who are required to meet this country's defence needs and to do it by achieving that balance between the military and civilian which results in the best interests of over-all efficiency. Perhaps I might add that our ratio of approximately one civilian for every 2·1 servicemen compares favourably with the setup in the United States and the United Kingdom.

The Leader of the Opposition referred at some length in his remarks and with great gusto—more gusto than conviction, I thought—to some allegations in a magazine article written recently by the former chief of the general staff. When I asked the Leader of the Opposition whether he was quoting from this article with approval he stated, as reported at page 5250 of *Hansard*:

> Mr. Chairman, I am not giving blanket approval to this article; I disagree with many opinions expressed by General Simonds.

This was, I suspect, the voice of caution checking the ardour of enthusiasm.

Mr. Drew: Mr. Chairman, I think it is appropriate that at this moment I interject that what I had said was that there had been articles written by senior officers who had just recently left their duties and that there should be an opportunity to examine those statements and that it was not the responsibility of any hon. member to say whether or not they were correct, that we could not know.

Mr. Campney: Well, I am not trying to requote the hon. member's speech but the impression that he very clearly gave me was the one I just expressed that he was not too sure how choice a political morsel this might prove to be.

Mr. Drew: That, of course, is not a correct interpretation at all of what was said. I might say, Mr. Chairman, it is dealing very lightly

with statements made by senior officers who were recently relied upon by this present minister. What I was pointing out is that we should have an opportunity to examine the accuracy of those statements before a committee and I asked for that committee at a time when it still could have been appointed.

Mr. Campney: If the Leader of the Opposition will let me continue with my remarks I will deal, I think seriously enough, with these observations.

May I say at once that I have no quarrel whatever with the former chief of the general staff now, nor did I have one in the past. As I have already stated, I believe he was an able and efficient chief of the general staff and so far as I am aware our relations were of the best. He has now retired and as a Canadian citizen he is free to write what he chooses. Canada is still a free country. That does not mean, of course, that I or anyone else must agree with what he writes. He is simply expressing his own personal views as he is, of course, absolutely free to do, and I might add that these views are merely expressions of opinion and not necessarily statements of fact. I would call that particularly to the attention of the Leader of the Opposition, who apparently from his remarks was seeking to create an impression otherwise.

I think it might perhaps be helpful to the committee if I were to outline the duties of the chief of staff of any service and his relationship to other chiefs of staff and to departmental officials in the larger setting of the department and its responsibilities to the government and to the country.

A chief of staff of any service must be intensely interested in his own service. He must be zealous for the welfare of his own service and he must be eager for its development. If this were not so he would hardly be fitted to be a chief of staff of that service. Under such conditions he might like to be left alone without controls or restrictions, unhampered to pursue the administration and development of his own service along his own lines. Unfortunately for that point of view the situation is not as simple as that. The pressure of events defence-wise, the complicated nature of present-day defence, the necessity of establishing defence priorities, the complexity of defence problems pressing in day by day, the interrelation of service planning and of NATO planning have made it increasingly necessary—very necessary indeed—that chiefs of staff work closer and closer to each other, that each has a fuller knowledge of what is going on in the other services than was once the case, and that they co-ordinate their efforts more and more.

I think it was the hon. member for Calgary North who suggested that the army and the air force might eventually be amalgamated, adopting a view along the line of that of Lord Montgomery.

The pressure of these events has also made it necessary that the moneys available are properly allocated as between the services because the present-day costs of all items of equipment are very great indeed and that priorities be established in respect of defence projects with the knowledge and understanding of all chiefs of staff.

With the advent of the defence research board the chairman of that body, in view of his duties affecting all services, obviously should be a party to any discussions of military policy. Arising out of the necessities of the case as I have briefly outlined, the chiefs of staff committee, following the last war, was reorganized with an independent chairman. It was also considered desirable for obvious reasons that the deputy minister of the department, a representative of the Department of External Affairs and the secretaries to the cabinet should be members attending meetings of the chiefs of staff committee in order that their respective departments may be kept informed, departmental misunderstandings prevented and wise planning facilitated. However, and this I would emphasize, only the chairman, the chiefs of staff of the three services and the chairman of the defence research board tender military advice to the minister; the others who attend have only watching briefs and in fact attend only when requested.

The chiefs of staff committee has proven highly useful and its efforts have been very successful. This is true to such an extent that last year our setup was taken as the model for the establishment in Great Britain of a chiefs of staff committee similar to our own. Of course, the establishment of the chiefs of staff committee has interfered to some extent with the independence of individual chiefs of staff, in my view necessarily and desirably so, because defence today is too large, too complicated and too expensive a matter for it to be otherwise. I think that must be obvious to all hon. members who have participated in the discussion of our estimates and who follow our activities.

But, and I again want to emphasize this, the various chiefs of staff are not in any way interfered with in the internal conduct and administration of their own respective services, nor indeed are they limited to their activities outside of their own services to their places on the chiefs of staff committee as regards their influence on the formulating of military policy. They can always see me as minister individually with respect to their problems, and they do so in fact very frequently.

Moreover, the chiefs of staff are all members of the defence council. The defence council is a body over which I preside as minister and which formulates and decides interservice administrative policy. The views of the chiefs of staff are always given the fullest consideration by the defence council.

In addition, the chiefs of staff all attend meetings of the cabinet defence committee. The cabinet defence committee consists of several cabinet ministers, including me, under the chairmanship of the Prime Minister, who meet with the chiefs of staff and other senior officials and service members to discuss matters of major military importance so that it may make suitable recommendations to the full cabinet. The chiefs of staff are free to participate and do participate very fully in the discussions at meetings of this committee of cabinet.

Then, too, the chiefs of staff are represented by their vice-chiefs on the permanent joint defence board which is made up of representatives of Canada and the United States. This board since its formation in 1940 has contributed greatly to the solution of military problems affecting both Canada and the United States and has built up an excellent record of achievement through the years. It is a purely advisory board, not concerned with policy but only with working out joint arrangements once policy has been settled by the governments concerned. I am in fact surprised that anyone would criticize this board in view of the yeoman service it has rendered in the field of Canadian-United States relations.

It supplements but does not interfere with direct contacts between the chiefs of staff of the two countries. Any chief of staff of this country is free to meet and discuss matters with his opposite number in the United States whenever and as often as he desires to do so, and the converse is equally true. Such meetings as a matter of fact occur frequently. No closer or better relationship would be possible than that between our chiefs of staff and those of the United States collectively and individually.

I thought it desirable under the circumstances to take this much time to outline the position of the chiefs of staff of the services under our system of government in order to make clear that while they are responsible to their civil chief—me at the moment—and I would not expect anyone would wish to change that principle, they are still clothed with very wide power and responsibility in

their respective services and they are consulted at every turn in respect to the development of military policy.

May I say in concluding my observations on this particular matter that speaking from my own experience I have found national defence headquarters to be well organized and efficient in its operation. I believe it would under the strain of hostilities, if they should ever occur, meet such strain without any difficulty and carry on thereafter in the manner that would be expected by the people of Canada.

The hon. member for Calgary North complained that the arms of the army are almost as they were during the last war. That charge is really incorrect. In saying that, I might point out that there are very few areas of army equipment in which we have not made improvements since the end of the second world war. We have a complete new range of combat vehicles; a new range of greatly improved wireless equipment; a new tank; a new mortar; a new anti-tank rocket; new field medium and anti-aircraft artillery; a new flame thrower; and we hope shortly to be producing or purchasing new hand grenades and a new submachine gun, and of course will shortly be taking into use the new FN rifle. I think it can be said that seldom has so much progress been made in the short span of ten years.

The hon. member for Brandon-Souris complained of a lack of information. Knowing of his desire always to be fair I was rather sorry to hear him say that, because since I have been minister of this department one of the things which I have zealously tried to carry out is to provide information in answer to all questions which have been asked. In fact I can recall only two occasions when information was withheld and that was for security reasons. I may say that I have always endeavoured to answer hon. members' questions, not only fully but promptly. I would have thought that my efforts in that direction might at least have been noted.

However, the hon. member made up for his lack of observation, if such it was, by the interest which he expressed in the Royal Canadian Air Force, and particularly his reference to incentive pay, which he will be pleased to know is under active consideration at the present time, and also with respect to his remarks about the radar network. So perhaps I can leave his remarks for the present with the honours evenly divided.

The hon. member for Vancouver-Quadra asked why we should be developing the CF-105 interceptor. Very briefly I may say that even when the intercontinental missile era has arrived, which personally I think will be much longer from now than some of the columnists think, it is not anticipated that aerial warfare will be exclusively a guided missile war. Guided missiles are very difficult to make and to use, and a great deal of development is still required. The continued development and production of manned long-range bombers in Russia as is going on now will constitute a serious threat to this continent for the period of operational usefulness of such bombers, whether we have intercontinental guided missiles or not. Our problem is how to assist in meeting that threat.

It is to meet this threat that the CF-105 is being developed and we are confident that it will be an effective part of our defence. I might say that the Royal Air Force and the United States air force participated in exhaustive studies from which we concluded that, for the special needs of this country, to proceed with the CF-105 was the best thing to do because no comparable British or United States aircraft under development will be available by the time we need it.

At this stage I should like to comment on a matter that it seems to me is the subject of a good deal of misunderstanding. As I read the comments by various critics and commentators in the newspapers and so on, there seems to be a tendency to take the present-day fighter and compare it with the bomber which is expected to be in operation five or ten years from now. In other words, instead of comparing today's fighter with today's bomber as far as it is in production in numbers, they take the fighting element and compare it with some future bomber development which is not yet in production in operational numbers. That tends to cast reflection upon our present-day fighter. I think that is a general statement as to a condition which exists generally in the public mind.

The Deputy Chairman: May I interrupt the minister to indicate that he has gone over the 30-minute limitation, but of course he may continue with the consent of the committee.

Some hon. Members: Agreed.

Mr. Campney: Thank you. The hon. member for Vancouver-Quadra asked as to the cost of the Velvet Glove project. Our first expenditures were made in 1950-51 and the total to date is just under $24 million. This money has been well spent. It represents Canada's contribution to the build-up of know-how in this field, for what we have done has been done in conjunction with other work by the United States and United Kingdom research teams. As a result, here in Canada we have some 400 scientists and specialists in industry and in the forces who have acquired practical experience in the

air-to-air guided missile field. Therefore Canadian industry today has the capacity and the know-how to produce such weapons and is able to undertake contracts for producing a Sparrow type of air-to-air missile for use in our present and future aircraft, and this would not be the case if we did not have ample scientifically trained people to carry on. We have also developed the Cold Lake missile range with the use of the Velvet Glove, and we have acquired therefrom in the past year a great deal of very valuable information.

The hon. member also commented on the increase in the defence research board estimates from $52½ million last year to $79 million this year, an increase of about 50 per cent, and he asked for some details about the increase. This increase is made up of an additional $6·8 million for the air-to-air missile program, $11 million for the CF-105 project and an additional $7·3 million for the PS-13 engine for that aircraft. These are three items accounting for just over $25 million of the increase, and the remainder is for increases in various development projects for the army and the navy.

The hon. member for Notre Dame de Grace complains that the department is operating a substantial number of schools for children of service personnel. Surely he would not dispute that we have an obligation in that regard. What we try to do is to provide the best education we can by the most economical methods. The policy in that respect is clearly set out at page 23 of our annual report for the fiscal year, 1954-55—the very book from which, I suspect, the hon. member must have got the information he quoted regarding numbers of schools, pupils and so on. It reads as follows:

> Wherever possible, dependents of service personnel attend local civilian schools and the department undertakes financial responsibilities to a level agreed with the civilian educational authorities concerned. Where no civilian facilities are available the department provides schools by using existing buildings or, as necessary, by constructing buildings for the purpose.
>
> In Canada such schools are operated in accordance with the educational standards of the province in which they are located. Departmental schools overseas, for dependents of personnel of the Canadian brigade and air division serving in Europe, are operated according to Canadian practices and standards, and teachers are obtained by arrangements with school boards from across Canada with the co-operation of provincial education authorities.

Surely this constitutes a sensible approach to the problem, and I may say that it works. I may say further that the observations of the hon. member in connection with our schools are the very first words savouring of criticism that I have ever heard in connection with what I regard as the very fine educational work we are carrying on.

With respect to married quarters, the hon. member suggested, I believe, that we ought to leave it to private enterprise to build such accommodation for service personnel. Of course, the actual construction is carried out by private enterprise, but I think that the hon. member was suggesting that the department should stay out of the housing field entirely, or at least in urban areas. Such a suggestion overlooks completely the very obvious fact that because of the very nature of military life, training courses, rotation of personnel and so forth, service personnel are not in the same position as civilians, and I find it difficult to believe that the hon. member would seriously suggest that we should do nothing to help our service personnel in this regard. As a matter of fact, if we were to do so, conditions would very quickly become chaotic.

Then the hon. member for Notre Dame de Grace got down to a few minor matters. He made some reference to the Royal Canadian Air Force hockey pamphlets. These pamphlets, as a matter of fact, were written by a service officer and printed by the queen's printer at a cost to the R.C.A.F. of $397.50. They are available for sale to and are being sold to the public. If these booklets had not been made available for sale to the public, the cost to the R.C.A.F. would have been much more. The booklets will, of course, be on sale within the R.C.A.F., and they are being sponsored in certain circles by the Department of National Health and Welfare, but limited free distribution will also be made to each station of the R.C.A.F., chiefly to assist volunteer coaches who contribute so much to the R.C.A.F. recreation program. Perhaps if I quote one paragraph from the foreword by the air vice-marshal for personnel it will give the hon. member a clear idea of what is intended:

> To assist the recreation specialists and the many volunteer leaders on whose services the extent and quality of recreation programs depend, and to assist participants to improve their skills, the R.C.A.F. prepares and distributes special guidance and instructional material concerning the many aspects of recreation. The R.C.A.F. series of sports booklets are also intended to assist service personnel and their families to enrich their leisure time in service life by increasing their interest in sports and improving their playing ability within the best rules of sportsmanship.

I am sure that no one would disagree with that.

Finally, as far as the hon. member for Notre Dame de Grace is concerned, whilst he was professing in his remarks to be concerned about individual rights, he appeared to desire to expose to ridicule a number of young men in the Royal Canadian Ordnance Corps because they were taking instructions in dancing at a private school. I should like

to advise the hon. member that these young men are not cadets, as he indicated, but are young army apprentices and, further, that they attended these dancing classes in their own time and at their own expense. I commend them for their initiative.

I think it is rather cheap that they should have been singled out for criticism and held up to ridicule for their activities when off duty, particularly when our own activities in the field of apprentice training represent, I am sure, one of the finest youth movements in Canada today.

The hon. member for Digby-Annapolis-Kings mentioned a number of civilian personnel matters at defence establishments in his constituency. I might say that the Department of Labour reviews all hourly wage rates for employees of the Department of National Defence at least once a year. Such a survey is being carried out this summer in the area to which the hon. member referred. As a result of surveys in recent years, the wages of labourers in that area have been increased by 50 per cent, and wages of electricians by 33 per cent. When revisions in prevailing rates are recommended, we put them into effect as quickly as practicable.

On looking into the case of the prevailing rate employee mentioned by the hon. member as earning $39.60 per week, I find that he was, as the hon. member suggested, for a time responsible as a maintenance mechanic for the work of a number of seasonal firemen-labourers. The classification of the maintenance mechanic position is under review. Although the position recently advertised for Camp Gagetown, to which he also referred, is similar, its level of duties and responsibilities has been assessed by experts of the civil service commission as that of maintenance craftsman, grade 2, which is a somewhat higher classification than maintenance mechanic.

Lastly, the hon. member for York West indicated that he felt that more information should be made known generally. I have made reference to that phase of his remarks in commenting on those of other hon. members. He particularly asked with regard to the unit costs of aircraft, engines and so on. I should like to say to him, as I have already said, that since I have been minister I can recall only one parliamentary question about aircraft costs, and the information requested was given, but perhaps the hon. member would be interested in the following figures as they illustrate a few of the problems in this field.

Take the Sabre project. First, on May 28, 1951, as shown on page 3443 of *Hansard* for that day, we tabled the initial development costs for the F-86 project. For some time thereafter the unit cost of a Sabre was about half a million dollars. Although we made a number of improvements in the Sabre, our aircraft industry also managed to work out substantial production economies and the current unit cost of a Sabre Mark VI, complete with spares, is now about $340,000.

Similarly, in the case of the CF-100, development costs prior to the production of the first plane were given last year as being around $122 million. The current unit cost, with spares, is a little over $700,000. But as to comparative costs, the real point here is that the only reason that Canada undertook to develop the CF-100 was that there was simply no comparable aircraft being developed anywhere in the free world. We undertook the CF-100, and now the CF-105 primarily because the area over which we have to carry out interceptions is far greater than in the case of almost any other country in the world with the possible exception of Russia, and the distance between suitable airfields in this country is great, also when compared with Europe or the United States. The cost of a multitude of new airfields for shorter range fighters would equal many times over what we have spent on the CF-100, with less closely spaced airfields.

Perhaps the most significant thing about our military aircraft industry here in Canada is that we have a good record in the military aircraft projects we have undertaken. As everyone knows, it is possible to work on a new type of aircraft for several years and then have to scrap the whole project. But so far Canadian-built Sabres with the Orenda engine and the Canadian-built CF-100's with the same engine have been very successful and are giving fine service for the tasks they have to do at this time. From what I have seen so far we have every reason to expect—and that is all I can say at the moment—that the CF-105 project will be a success.

That concludes my comments up to the present time. I think I have covered most of the questions raised by my hon. friends in the three days of debate last month.

The Deputy Chairman: Order. Just before the hon. member for Esquimalt-Saanich speaks, may I make this observation. At some stage of the discussion of the first item there is always a point where we get away from defence policy generally. In order to keep the discussions orderly and in order to enable the minister to have the proper officials before him, we start calling for discussion the subheadings in the details. The item, of course, is carried as a whole. I am

entirely in the hands of the committee. I wonder whether the committee would indicate whether we have reached the stage at which they would prefer that I start calling the various services by the subheadings or whether there is to be further general discussion on the item as a whole?

Mr. Pearkes: I do not think we have quite reached that stage yet where we can go on to the discussion of the various items. However, I agree with you, Mr. Chairman, that at the present time we should confine our remarks to general defence policy and general defence organization rather than deal with the various items of the defence services.

I have really only a brief comment to make in reply to what the minister has said, and it is more in the nature of a request for further information with regard to the position of the chiefs of the general staff. The minister compared our system with the system which was introduced in Great Britain last year where, for the first time, a chairman of the chiefs of staff committee in Great Britain was appointed. But there is a slight difference that I think should be pointed out, namely that the chiefs of staff committee, through their chairman, on all matters of policy and strategy report to the Minister of Defence but—unlike our system here in Canada—in Great Britain each service has its own minister. Hence the chief of staff for the army has the opportunity of reporting directly to his own minister, the Secretary of State for War at the war office on all matters dealing with administration of the army. Of course, in our organization, on matters dealing with strategy and policy, the chiefs of staff will report to the Minister of National Defence; and on details connected with the administration of the various services they also report to the same minister, namely the Minister of National Defence. There is that difference.

I had rather hoped that the minister, when he was explaining the duties of the chiefs of staff, would emphasize the corporate responsibility of all three of them—or all four of them if you include research—in the preparation of what one might call a tri-service policy for national defence. It is in that respect that the chiefs of staff of the British services have a dual responsibility. They have not only a responsibility for the administration of their own particular service but they have a joint responsibility as between all three services in submitting to the Minister of Defence the defence policy that the three of them, as a trinity, recommend to the Minister of Defence. I thought perhaps the minister might have stressed that responsibility. No doubt he referred to it, but his reference was a brief one. I think that is one of the major responsibilities of the chiefs of staff. They must at a certain time subordinate special pleading for their own service in order that there may be produced the best possible defence policy for the country.

At a latter stage in the debate I hope to make some comments in connection with the army. I had the opportunity of visiting the brigade in Germany only last week and I have only a few comments with regard to that matter. However, I prefer to make them when we come to the army estimates. I appreciate the remarks made by the minister in explaining the position of the United States and Canadian joint committee. I think that was something that required explanation in view of some of the comments which have been made outside of this house.

There is one point to which the minister did not refer and which was raised in a question I had asked. I had referred to the term "stockpiling" with regard to CF-100's. Now that the role of the auxiliary squadrons has been changed, quite obviously there will not be the same need in Canada for the same number of CF-100's as were originally designated. I asked whether it was not possible to dispose of some of our CF-100's to some other NATO countries. If we do not take the opportunity to sell to NATO countries some of our CF-100's now, it will not be very long before NATO countries will say that CF-100's are obsolescent, and they will not be as anxious to purchase CF-100's as they are at the present time.

I understand that there are certain NATO countries who have been very anxious to purchase the CF-100. I am told that one of the reasons why the CF-100 cannot be sold to NATO countries is that there are certain pieces of equipment in the CF-100 which are under a ban of security. They are classified highly, and at the moment they are only being released to the United States and the United Kingdom. If that is so, I think it is unfortunate because we have got to have confidence in our NATO allies. As one representative of a NATO country said to me only last week, are you having two classes of membership in NATO? Are you having second class NATO countries who are only to be allowed to have certain types of equipment, whereas there will be first class NATO countries who will have the latest and most up to date equipment? The remark was made, but you still expect our men to serve with the forces of the first class NATO countries in western Europe, and surely you are not going to deny them the most up to date

equipment. I think there may be some justification in that complaint.

One may well realize that the forces of some countries have not proceeded far enough with their training to enable them to use or to entitle them to use the most modern of equipment. I can understand that point of view. But I do suggest that stage with respect to the CF-100 has now passed and the CF-100 should be made available to any NATO country who may desire to use that particular type of aircraft. If we do not sell the number that are surplus to our requirements of CF-100's, the time will soon have passed when they will be in demand.

Mr. Drew: Before we proceed to the general remarks, I just want to refer to one point raised by the Minister of National Defence. Any suggestion that the reference to statements made by senior officers identified either myself or others with those statements is entirely out of keeping with the way in which the argument was presented at the time. What was pointed out to the minister, as he himself indicated some considerable time ago in this session, was that senior officers, including the gentlemen who formerly held the offices of chief of the general staff and adjutant general, had severely criticized the organization of the Department of National Defence and various aspects of our defence preparations.

I pointed out at that time, and I repeat now, that hon. members of this house are not in a position to judge the accuracy or otherwise of those statements. Those statements have been made, however, by senior officers upon whom the Minister of National Defence and the government were relying until a short time ago. I pointed out at the time I mentioned those statements that the minister himself had emphasized the dependence of the government upon our senior military officers in their expert capacity. This dependence has been emphasized by what he has again said this morning. He has emphasized his own agreement, in most cases, with the former chief of the general staff, and doubtless that applies to other senior officers who were, until recently, associated with the government, and who have expressed different views.

My reference to those statements, and they were statements which were directed to fundamental weaknesses if they do exist and if those statements are correct, was that those statements seem to justify the demand for a standing committee on national defence. Either those statements were right or they were wrong. The place where that could have been found out and the place where the facts could have been obtained was before a standing committee on national defence. The Prime Minister made a strange statement in answer to my suggestion to this effect, that we do not operate under the same system as in the United States. This assertion had no relevancy at all to the suggestion. We already have a standing committee on external affairs where there must, certainly, be questions of security just as high as in the Department of National Defence. We have standing committees on other subjects.

Before those standing committees, under the rules guiding the direction of the affairs of those committees, it is possible to call for witnesses and the production of documents. My contention was that the way we could find out what the facts were in the light of the statements that had been made was to set up a standing committee on national defence so that all of us could have the real facts in regard to that department, which has been spending more money than any other single department of government. What the minister has said this morning in regard to this whole subject, where he has reviewed things that could have been under consideration before a committee, merely supports the demand that was made earlier that there should be a standing committee on national defence. I believe the government is shown to have failed in its duty in not appointing a standing committee on national defence when that was requested long ago. I believe what has been said justifies it still further. I hope it will be realized by those who read the reports of what takes place here, that there are none of the facilities before a committee of the whole house which would compare, in any way, with the facilities offered by a standing committee; where the individuals themselves could be brought forward, where documents could be produced and where the information could be obtained upon which well informed decisions could be made in regard to this vitally important subject.

Mr. Thomas: I agree wholeheartedly with the statement just made by the Leader of the Opposition. These statements that have been made to the press, these magazine articles and so on, have left not only the members of the house but the whole population of Canada undecided as to whether or not Canada is carrying out her defence program in the best interests of security. I think the only possible way that we, as members, could dig into those statements to find out whether or not they are correct, find out whether or not they are responsible or irresponsible statements, whether or not they come about as a result of prejudice and a certain liking for a certain

service, is to set up a committee on defence and to call these men as witnesses. We could call in any other witnesses we might be able to find who might agree or disagree with those statements. In such a committee we could get hold of the documents to determine whether or not the arguments were valid.

In addition, I think we could do a great deal of general good in digging into these defence estimates, being able to question the different officials, the different people, the different army officers, and get right down to sincere discussion of the entire realm of defence spending. I am not going to say any more about it at the present time, but I would urge that the government consider this very carefully and set up this defence committee because I think it would save a lot of worry and dissipate a lot of misapprehension on the part of the people and on the part of members of parliament. It is long overdue. We need it. Let us have it, and if we do have it we can do a good job on these estimates.

Mr. Knowles: Mr. Chairman, I should like to say just a few words in support of the position that it would have been a good idea, and would still be a good idea, to have these estimates referred to a committee of this house. That has already been requested by this group, and I hope that even yet the government might give consideration to the suggestion.

The further word of support that I offer at this time for the proposal that reference be made to a committee relates to the way in which these estimates have been presented to us. You have called, sir, for consideration by the committee, item 235, which is one of 10 items under the heading of national defence. Those 10 items include six items to be voted and four items that are statutory. Although there are 10 items in all, it will be noted that the item we are now discussing, item 235, represents 97 per cent of the money to be appropriated for the Department of National Defence. This item is for $1,722,797,717 which, as I have already suggested, is 97 per cent of the total of $1,775 million.

Other speakers have drawn attention to the strange coincidence that the grand total asked for this year is precisely the same as the grand total asked for last year. I suggest that that coincidence is even more glaring when one takes a moment or two to look at the composition of the figures. As I have said, there are 10 items, four statutory and six to be voted. We are dealing with one in which there has been proposed a reduction of $6,487,477. We have indicated that we feel the reduction might have been much greater. The point I am making at the moment is that that is an interesting figure to look at. It prompts the question, how was that figure arrived at? It is a reduction from $1,729,285,194 last year to $1,722,797,717 this year, a reduction of the odd figure of $6,487,477. What is passing strange, what is the kind of coincidence that I am sure would not happen more than once in a billion times, is that that figure is exactly equal to the amount by which increases have been made in the other items.

As I have said, there are nine other items. In two of those other items no change has been made. In seven of the other items changes have been made. In two instances there have been slight decreases of $520 and $250, or a total of $770; but the other five changes were increases varying from $200 to a figure of over $6 million. The increases add up to $6,488,247. The net change with respect to those other items, other than the one we are discussing, when you subtract the small decreases from the larger increases, is that you have an increase in all the other items, believe it or not, of precisely the same figure by which this large item has been reduced.

The changes made in the other items, the seven changes, are changes which I have examined. All of them have a logical basis. Some of them arise from provisions in statutes; some of them arise because certain civil service salaries have been increased; some of them arise because of changes in positions or the death of a particular pensioner. At one place there is an increase because the Newfoundland rifle association has been brought in along with similar associations in other provinces. In other words, it is clear from examining the makeup of the estimates that any changes made in the other smaller items—there are seven cases where changes have been made—are changes that can be accounted for. It is therefore quite clear what was done with the larger item now before us. It certainly cannot be denied that all that was done with this major item was to change it, to reduce it, by precisely the same odd number of dollars by which the other items were increased. I wondered if perchance that meant that that decrease had been made in two or three lump sums in various places in the estimates, but as I go through them I find that there are some 17 main sub-totals in the estimates in the latter part of the book that we shall be getting at in a moment. I find most of them have been changed; some are up, some are down. The changes are in some cases very small decreases of a few thousands and in other cases decreases of hundreds of millions.

And yet, Mr. Chairman, what a marvellous coincidence it is that with all of those changes made all through the details of this larger item, some up and some down, the grand total results in exactly the same number of dollars by way of a reduction that the grand total on the other side amounts to by way of increase and the figure again is the odd figure of $6,487,477. I suggest, Mr. Chairman, that the evidence is very clear that we are not presented with what can really be called estimating; we are presented with a juggling of figures to make them balance, to make them come out the same. It looks as though a directive must have gone out, let us have the same total this year as we had last year, for that is the way these figures are presented to us. I think the case has been well made from this side of the house that these estimates should even yet be referred to a special committee of the house for a thorough examination.

At one o'clock the house took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Churchill: The Minister of National Defence this morning has revived the discussion of the estimates of this department which were started late in June. I suppose because of the fact that there has been such a long intermission from the start of these estimates to the present time there will be a certain prolongation of the discussion. It is unfortunate that we cannot start a department like this and carry on for three or four days in order to complete it all at once.

I do not wish to repeat arguments or statements that have been advanced by other hon. members but I would like to say a few words in general consideration of the policy of the Department of National Defence. I notice in the white paper and in the earlier statement of the minister that Canada's objectives in national defence remain the same concerning the defence of Canada, our commitments under the NATO alliance and our obligations, if any, under the United Nations. There has been no change from the past several years but nevertheless the world situation has altered rather materially and I wonder whether the minister and his officials have taken that fully into account.

Other people have drawn attention to the fact that the estimates for this year do not vary by a dollar from the estimates for last year. It is a little surprising in view of the necessity for making a reappraisal of the world situation each year. It is again a bit surprising in view of the action taken by other countries within the NATO alliance with regard to their defence expenditures. I would have thought there would have been some change in the total amount made available for national defence. Surely it is not just a revolving fund that is going to remain unchanged from year to year.

There must be some alteration one way or another when one recalls that it is only a few years ago, in 1950, I think it was, that our expenditures for national defence were running at about $435 million; and then with the outbreak of war in Korea and with the necessity of assisting our allies under NATO and the necessity for stockpiling and preparing for a possible third world war the estimates for national defence jumped and have remained at a high figure from that time forward. They are now in the neighbourhood of $1,775 million.

From the minister's statement of several weeks ago and his statement today I am not clear that his appreciation of the world situation is the same as that expressed by other people charged with similar responsibilities in other countries. The impression I get from reading magazine articles and newspapers with regard to defence thinking in other countries is that the threat of a thermonuclear war, a third world war, has diminished but that we still have to take precautions and not let our guard down, but nevertheless I do not see that world opinion considers that a third world war is imminent at the present time.

On the other hand I gather that anyone who is thinking of warfare is of the opinion that if trouble breaks out again it will be of a limited nature and conventional arms will be used. Under those circumstances the policy of the Department of National Defence must be rather nicely balanced.

We as a country are not in a position to enter into competition in the development of thermonuclear weapons. We have to be dependent upon our more powerful allies. We apparently are not in a position to do very much in regard to the development of missiles and there again we must be dependent upon those who have greater financial resources and who are ahead of us in experimentation. I wonder if it would not be wise for Canada to place a greater reliance upon our larger allies in these matters and perhaps give our attention to other matters.

The minister has pointed out that it is worth while developing a team of experts who will have some knowledge of the construction of missiles. That is all right as far as it

goes, but perhaps greater reliance should be placed upon those other countries who have gone further in that field. There is nothing to prevent the Department of National Defence of this country from keeping well up to date and in a fine state of efficiency the three fighting services as we have known them in the past, and keeping them supplied with the necessary modern equipment for the type of warfare that has been carried on since the second world war.

I think it is an open question as to whether that is being done. I feel we have not yet received an adequate answer from the minister with regard to the great amount of money that has been expended over the last five or six years in strengthening our defences. We are not yet assured that we have forces in being ready to take action on short notice either in this country or elsewhere. We are not yet assured that air transport is adequate to lift a substantial portion of the army. We are not yet assured from the standpoint of mobility that the army is equipped in modern fashion so that it can be not only transported but supplied by means of air.

And yet what has happened to all the money that has been spent over the last half dozen years? I have no objection to the development of a camp such as Gagetown.

We saw the necessity for that at the time of the Korean war when our troops had to go into the United States to receive their training. I have no objection to the better facilities which are now available for service personnel at the various stations across Canada; that is all right. We have raised no serious objection to the stockpiling of equipment which was the major point of policy a few years ago. However, some of those things must surely have been completed now, and throughout it all there is a doubt as to whether our forces in being are capable of immediate action. That may be true of the air force which is stationed in Germany; it may be true of the air force in Canada; it may also be true of the naval forces, although they are not complete. But I wonder if it is true with regard to the army? The minister has not cleared up that point. The difficulty in discussing defence estimates is that the curtain of secrecy descends just about every other second and you cannot get a great deal of information.

I noticed that in his opening remarks on June 20 the minister referred to what he described as a major change within the army. This is a matter which we have discussed from this side of the house on many occasions. It is a matter concerning which I was rather critical of the minister last year. I refer to the substantial increase in the armoured corps within the Canadian army. This is indeed a concession to opposition criticism and is an acknowledgment of the existence of modern thinking with regard to balanced forces within the army. The minister has told us that a third armoured regiment is to be activated. He did not say when; he did not name the regiment and he did not notify us whether the three armoured regiments which would then be under command would be brigaded or whether they would simply operate as independent units.

I was glad to discover that the minister had arrived at a conclusion that something should be done with regard to a subject which I have discussed so many times in the house, the armoured personnel carrier, the finest protection for the infantry soldier that has been brought about in modern times. I should like to quote the words of the minister as reported on page 5212 of *Hansard* of June 20 as follows:

> Another important new development on which the army is working is an armoured amphibious 9-ton tracked carrier.

This will be capable of mounting field guns or of moving 10 or 12 infantry men and will be resistant to small arms fire and to splinters from shell fire. The minister stated that the army was working on this development. I do not know whether that means it is just drawing up plans, whether this vehicle is on the production line or whether it is in use. We shall certainly watch with interest the development of vehicles of this nature. Last year we were informed that the army was watching with interest the development of vehicles of this nature in the British and United States armies, but that is as far as that information went. I think the minister might very well give us information later on as to how far this development has gone. I certainly welcome it and am glad to hear that our authorities are going to make provision for the protection of the infantry along such a well tried line.

I would draw the attention of the committee to the fact that in the army being developed in West Germany there is a marked emphasis on armour. In the NATO letter of January 1, 1956, at page 13, reference is made to the 12 divisions which will comprise the German army as follows:

> Half of the twelve divisions will be armoured divisions while the remaining six will be grenadier divisions, that is to say fully mechanized infantry divisions (as far as possible on tracked vehicles) with strong armoured support.

Profiting from their experience in the last war and being now able to start afresh with their special sagacity in military matters, the Germans are balancing their army most carefully as between armour and infantry and are planning to have the infantry in tracked

carriers, thereby creating mobility to move across the country and not be tied down to roads as the army was in the second world war.

The Germans are particularly efficient in military matters, as they have shown in the past. When they plan an army on that basis I think it is well worth the attention of Canada. Our army should be planned along similar lines with sufficient armour to balance the infantry forces which should be in position where they can achieve mobility with protection and to permit crossing the country which can be done only with tracked armoured vehicles. I would hope that in the exercises now being conducted at Gagetown some emphasis will be placed on this method of using the infantry and that the tactical exercises being conducted there will utilize the experience of the past and be in line with modern developments.

In connection with the general over-all allocation of funds, the minister has discovered that he requires the same amount of money this year as he sought in past years. Although he has made changes up and down within the various groupings in the Department of National Defence, the grand total remains the same. I notice that in making any reductions that are made the axe is used on the army to the extent of $24 million.

I wonder why the army was selected as the service which should have to suffer this reduction. If there was to be an over-all reduction perhaps each service should have been affected. If it was to be a temporary re-allocation of funds so that the research end could be supported, as happens in this case because they get this money, why do not the other two services make contributions toward that end? But no, it is the army which has to bear the brunt of this change to the extent of $24 million.

In any war in the immediate future which is not a world war the army will play a major part. It played a major part in Korea. A recent publication of the historical section gives the story of Canada's army in Korea and indicates that of Canada's 1,557 battle casualties, all but 14 were suffered by the army. The air force participated in that war by supplying a certain number of pilots to the United States air force and by using its transport squadrons to ship supplies and men overseas. The navy participated in Korean waters, but the brunt fell upon the army. In any war similar to Korea the brunt will again fall on the army. So I wonder why in effecting reductions the minister should select the army as the place where they will be made.

What will it mean? The minister might tell us what it will mean to the army. Is it going to mean something different in the way of equipment? Will there be a shortage of guns or transport? Will there be a delay in providing tanks for the newly activated armoured regiment? Will there be a delay in providing these specially designed armoured personnel carriers? Something will have to be curtailed in so far as the army is concerned. Yet, if trouble breaks out as it did in Korea, and the decision has to be arrived at within 24 hours or within a week, I am sure that it will be the army that will be called upon to play its part, because none of these wars are fought solely by navies and air forces. The army has to get in there on the ground. The experience of Korea is an indication that the air force alone cannot win a war. Air superiority was enjoyed by the United Nations forces in Korea, and yet the North Koreans and the Chinese were able to bring that war virtually to a stalemate. In the closing year of the second world war in Europe, although we enjoyed air superiority, the Germans were able to put up very effective defensive operations.

So we cannot be dependent just on air, and certainly not just on the navy. We come back finally to the army. The army has to be there and has to take over, run the risks and endure the casualties. The army must be kept in as good a state as either of the other services. I wonder whether that is in the plan of the minister as regards this reduction he has proposed this year.

There is another point. I should like to know from the minister whether he has been drawing upon the experience of the past in order to make the army a more effective fighting instrument. Perhaps the minister has heard sufficient—he may hear more—with regard to the criticism offered against his department by recently retired generals. I have here a publication by Major General Burns dealing with manpower in the Canadian army, a very fine study of the situation that prevailed in world war II concerning the utilization of manpower by the Canadian army. I wonder whether the minister has given attention to that and whether the present forces of the Canadian army are built up with the experience of the second world war in mind, as brought to our attention by Major General Burns.

He points out in his study that in his opinion about 6 per cent of the strength of the Canadian army in Europe in world war II could have been utilized—or saved, as he puts it—for fighting purposes, that is, in his opinion, far too many of our troops were engaged in the rear areas and in administration and on staff, and more should have been available for the fighting edge or

fringe of the army. He makes a comparison with other forces in that war and indicates that in the Canadian set-up we exceeded the British and the United States forces in the number of people that we had behind the lines in the supply line, in the administrative echelons and so on. If his conclusions are correct, that lesson should be applied to the formation of the Canadian army at the present time.

What is the effective fighting strength of the Canadian army now? Are there too many people behind that fighting edge? Is it top-heavy in the wrong places? I do not know; I have not had a chance to check Major General Burns' figures against those of other nations, but he is of the opinion that percentagewise the Canadians had far too many men in the pipe line. I hardly like to use that word nowadays, but in wartime it was used to indicate those who were coming along from the depots and so on up to the front. It may be that we have not profited by the lessons of the second world war and still have too many people back of the fighting fringe; and it is the fighting fringe that is the important element. Perhaps at Gagetown, where the troops are now assembled, there may be more men in the rear areas than there should be. I should like to hear what the minister's comments would be with regard to that.

I do not wish to prolong this aspect of the discussion, Mr. Chairman, but in general I think that the Department of National Defence faces a tremendous problem. We admit that. Although we feel it is necessary to offer criticism of that department, we recognize the tremendous problem involved. We recognize the fact that the department has to keep in mind two types of warfare, the third world war with thermonuclear weapons and the brush-fire type of war where conventional weapons will be used. We recognize the fact that more importance is being attached to air than was the case years ago, and so on. Nevertheless a department which is utilizing about 40 per cent of the taxes collected by the dominion government must be submitted to close scrutiny, and I think an accurate accounting of the use of all this money is certainly required.

From my standpoint, the vital factor is whether or not we have efficient forces that are capable of being used immediately they are required. We cannot overlook the fact that in 1950, when the Korean war broke out, we were not prepared to send a force to Korea and had hastily to assemble a large number of men, and there was a great deal of wastage. To keep 8,000 men enlisted, well over 10,000 had to be brought in even before the brigade sailed for Korea; and 1,500 were discharged because they were unsuitable for active service; they should never have been taken in. Is that type of wasteful use of manpower going to occur in the future, or what protection have we against that?

That is the type of criticism that I think should be aimed at the Department of National Defence. There should be a strict accounting of the use of all this money that is available, to indicate to us that we are enjoying the protection we want and that we are able to take part at any time we are required to do so under our commitments with regard to NATO or the United Nations.

Mr. Dinsdale: I was glad that the minister took time at the beginning of the discussion today to reply to some of the comments that had been made when his department was last before the house. In those remarks he made one or two references to me, particularly on the subject of my comments concerning the importance of Canada's radar screen. I was glad to see that on that point there was some degree of agreement in regard to this important subject. However, whilst he quoted with some degree of relish my remarks in that regard, I think he still failed to get the point I raised when I was referring to the importance of the radar screen. At page 5266 of *Hansard* of June 21, I concluded my discussion of that subject with this statement:

> Therefore I am one of those who believe that the radar installations are a very necessary and important development in any comprehensive program of air defence at this time.

I should like to stress the words "in any comprehensive program of air defence at this time". I still agree with that statement, namely that in a comprehensive air defence program it is imperative at the present stage of air power development that we have a radar screen capable of giving sufficient advance warning to make it possible for the United States strategic bomber air force to carry out its role of massive retaliation and to make it possible for the Canadian air force to carry out its major role of defence of the North American continent. However, he did not include the proviso that I have made to the effect that I did not feel that, at the present stage of development, Canada had a comprehensive air defence program nor, for that matter, an over-all clear-cut comprehensive defence program generally. If we are to put my statement in the proper perspective, I think it is necessary to include that proviso.

The minister stated further, Mr. Chairman, that in making my observations the other day, I seemed to have a fair degree of information,

and he suggested that that fact more or less rebutted complaint that we in this house lack sufficient information to deal intelligently or adequately with the discussion of defence matters generally. Last year I think I complimented the minister. He had just taken over the department, and I think I complimented the minister on a change in emphasis in so far as this particular problem was concerned. I suggested that the minister had been more free with his information and that statement was true at the time. But as he has acquired experience in the office, he seems to have been returning to the former policy of reticence which makes it extremely difficult for the private member in this house to have an adequate grasp of defence matters. It is because of that fact that I would agree heartily with the suggestion of the Leader of the Opposition that we need a committee that can discuss matters of defence which, by their very nature, tend to be concerned with a classified kind of information, and thereby put ourselves properly and adequately into the picture. If I seem to have any grasp of the problem at all I would suggest, Mr. Chairman, that it is largely as a result of information that I have been able to acquire owing to my own service experience, and particularly by examining the more detailed information that is available from United States sources. If it were possible for a private member in this house to read and to analyse carefully the information, for example, that is placed on record before the various hearings in the United States, we would be completely informed on defence matters. However, with all the other responsibilities resting on us, time does not make it possible to carry out that exhaustive analysis. We are able to get only the highlights of those discussions from the publications that appear from time to time. Those publications have largely been the source of my information on the general problems relating to air defence in Canada and air defence in North America.

Having dealt with those two particular references by the minister to my previous remarks, I want to carry on with a subject that I was not able to deal with the other day because of lack of time. One of the deficiencies in our air defence program as well as in our defence program generally relates to manpower. As I said in my closing remarks on June 21, I want to make some reference to the subject of the utilization of reserves and auxiliary personnel in the Royal Canadian Air Force. Back about four or five years ago, before we had any fully operational permanent air force squadrons available for the defence of Canada, the idea used to be put forward that the auxiliary squadrons were our front line of defence and that they were sufficiently well trained and that their numbers were sufficiently large to assure an adequate defence of Canada and this continent from any possible approach from the north.

I can remember taking issue with that thesis at the time. Others from relatively high level sources in the auxiliary also disagreed with the thesis. I think Wing Commander Rohmer of Toronto, for example, disagreed rather heartily in a public statement with that particular theory. By reason of the obsolete equipment supplied to our auxiliary squadrons, it was not possible for them to cope with any challenge that might come to this continent at that time. This year quite obviously the minister agrees that we were a little bit overoptimistic in those days concerning the ability of the auxiliary and reserve units adequately to defend this country. But unfortunately the pendulum seems to be swinging too far the other way, and there is now a tendency to underestimate completely the ability of the auxiliary units of the air force to serve in any defensive capacity. For example, in his initial statement the minister gave us the information that a general reorganization of our auxiliary units was under way, and that reorganization included the disbanding of 424 squadron and the reassignment of 420 squadron in London to new duties as was announced at the opening of today's sitting. Further, it has been announced that the participation of auxiliary flying units in actual defensive combat is to be strictly limited. I feel, Mr. Chairman, that that is carrying the reaction much too far to the other extreme. From the information I have and from the personal contact I have had with auxiliary work, I am quite prepared to state that our auxiliary units are in a position to cope with any kind of defensive role to which they may be assigned in this country.

Before world war II I remember there was a lot of criticism concerning the functions of the university squadrons that were operating in the United Kingdom. At that time they were the backbone of a numerically very weak air power. It was felt that the types of aircraft were advanced in those days at least; the Hurricane and Spitfire were much too complicated and hot for the week-end university squadron fliers to cope with. As it turned out, during the battle of Britain these so-called week-end fliers became the first few who met the first onslaught of the formidable German luftwaffe. Some of our thinking from that period has carried over into the post world war II period, and we have the idea that advance jet aircraft are much too complicated to be coped with by part-time fliers on a week-end basis.

It seems to me, from the information I have been able to glean, that is not the heart of the difficulty. It is not a lack of qualified aircrew personnel, both pilots and navigators, which makes it difficult for our reserve units to continue operational in their defensive role, but rather it is a shortage of ground and maintenance personnel. It is very difficult to get reserve auxiliary people to put in the necessary time to keep themselves up to operational requirements on a short-term basis. If that is the difficulty, I am sure the recent action taken by the Department of Defence, as announced by the minister in this house, to reorganize the role of auxiliaries is not going to contribute in any positive way to the solution of that problem. Rather, the abrupt manner in which No. 424 squadron is being disbanded peremptorily, and it would seem without any preliminary warning, is going to have a further detrimental effect on morale and esprit de corps amongst auxiliary personnel.

I was surprised, speaking just for a moment to the difficulty faced by No. 424 squadron at Hamilton, at the degree of protest that was generated by this rather arbitrary action. For instance, in the eleven o'clock T.V. news roundup on C.B.C. they showed rather extensive pictures of a parade of protest that had been organized by the citizens of Hamilton because of this rather high-handed action on the part of the defence department. Now, that aroused my curiosity and I made some inquiries as to the reason for this enthusiastic response. I had it confirmed that the squadron was all prepared for its period of summer training. The majority of the squadron personnel had made arrangements to get leave of absence from their various businesses for the period. They had had no preliminary warning at all that flying operations were going to be discontinued. They had had an outstanding record, as incidentally have all auxiliary squadrons, with reference to safety. They have had, I understand, an accident-free flying record, which is an exceptional record when we consider the accident rate even in the best trained civilian aviation circles.

Furthermore, I understand that all the flying personnel were operational on T-33 jet type aircraft. Enthusiasm was high, morale was high, esprit de corps was high. They were a model auxiliary squadron, prepared to move into action immediately in the defence of the vital Hamilton industrial area. Suddenly, without warning, without previous contemplation, they found themselves abolished. Now, that is hardly the type of action that is going to overcome the reluctance that is manifest from time to time in getting Canadian civilians to spend time as part-time fliers or maintenance personnel in auxiliary squadrons. It is very bad for morale. If we have had difficulty in the past in keeping auxiliary maintenance personnel up to strength, that problem will only be aggravated by this particular action.

Now, other than the experience of No. 424 squadron, I have had some personal experience down through the past five or six years in this matter of serving in auxiliary or reserve capacity. I have brought this subject up year after year. We have an active air force association in my city of Brandon, an air force association that has repeatedly taken honours because of its enthusiastic participation in the activities of the air force association of this country. Recently, I received from that association a circular which was rather disconcerting. This group of veterans who have since the end of the war been trying to find a niche in Canada's defence scheme of things in an auxiliary have, in all instances, been turned down. I have recited the procedure before. They hoped to have an auxiliary flying unit in the first instance. Then, they moved to the ground observers corps. Then, they hoped to have a radar light warning unit, but in each case, according to official information, there was no possible niche into which they could fit in the auxiliary scheme of things. However, they continued to thrive largely as a social club. You can only continue to operate on that basis successfully for so long, and now the interest is waning. The circular was in the form of a questionnaire asking a couple of hundred members of the association whether they considered it worthwhile to continue as an organized unit. I mention that again because it seems to fit into the general attitude which has been felt towards the role and function of auxiliary units in Canada. I think the attitude towards No. 424 squadron has been outstanding in this respect.

Let me be somewhat more positive regarding auxiliary functions. One of the most worth-while projects of the department has been the M.A.T.P., mobilization assignment training program. On April 24, in answer to a question, I received the information that since the inauguration of this scheme in 1951 the officer personnel serving under the M.A.T.P. plan, that is understudying permanent officers in various roles in the air force, have increased from 78 in 1951-52 to a total of 481 in 1955-56. There was a slight decrease in figures, as a matter of fact there was a decrease of some 14 in the number serving from 1954-55 to 1955-56. Therefore, I would take it from these figures the minister and the department concluded that this is a very worth-while project.

Let me turn to the N.C.O.'s scheme of things. Here again is where we have difficulty with maintenance personnel. Your maintenance personnel are going to be drawn largely from the N.C.O. ranks. I believe it was in 1954-55 that the scheme was first opened to senior N.C.O.'s and in that year 60 served, but in 1955-56 the total went down to 57. We are not doing so well in interesting the N.C.O.'s in this worth-while auxiliary service capacity. I do not know where the problem is there, but I do believe that because of the tremendous expense involved in supporting a large enough air force in Canada to carry out our primary defence role, the difficulty that we have been having is obvious. All that is necessary is to look at the newspapers that almost plead for our young people to become interested in serving Canada. The bands of the air force are busy all year round visiting high schools in an attempt to interest our young Canadians in a career in the air force, and yet we seem to ignore the most fruitful source of manpower, and that is the underlying interest of the veterans in serving in an auxiliary capacity. As I said in the opening part of my remarks, I feel that the auxiliary branch of the air force, if the proper approach is made by the department, is capable of serving in every way in the various parts of Canada's defence operations.

There is one specific point that might be raised which could probably explain the lack of interest of N.C.O.'s as well as the decline, so far as officers are concerned, indicated in the past two years. No way has as yet been devised whereby both officers and N.C.O.'s serving in the M.A.T.P. scheme can receive promotion. I have raised this problem before. It is not uncommon, for example, to find a flying officer understudying a squadron leader. He is learning the job that in the permanent force is handled by a squadron leader of the permanent force. This flying officer returns year after year, four, five or six years, to understudy the squadron leader, and so far as he is concerned that is the highest level to which he can rise in the air force scheme of things. There is absolutely no incentive from a promotional standpoint.

During the war when a man served as a wartime member of the air force and occupied a certain position he was elevated to the acting rank of that particular position. When he no longer functioned in that capacity he was demoted to what they called their substantive rank. I feel it might be a further source of incentive for officers, and particularly for N.C.O.'s, if it could be made possible for them, as they accumulate experience in the air service, to move gradually toward the equivalent rank that they are understudying. There is more than the status of rank involved, there is also the difference in pay; and when you are taking time off voluntarily from your civilian occupation—and in a good many cases civilians do not have a long enough holiday period to cover the basic 15 days required in this type of service—it would be a relatively inexpensive way of bringing the strength of the air force personnel up to the numbers required to carry out adequately Canada's defensive role. On this point, Mr. Chairman, I think our civil service is the worst offender so far as making it possible for members of the civil service to obtain leave of absence to serve in a reserve or an auxiliary capacity is concerned. I have bumped into this complaint specifically from acquaintances I have in the civil service. If the minister makes an inquiry he will find that it is extremely difficult for a civil servant to get the necessary time off to serve his country in this additional way, and certainly the public service should be the first in establishing the pattern, in setting the example for private employers and private industry.

This is all I have to say on the auxiliary and on the reserve at this time. I feel it is one of the deficiencies in a comprehensive air defence policy in Canada. It is fine to have an expensive radar screen spanning the continent at three levels, but it remains only as a Maginot line unless you have the personnel, the aircraft and the other aspects of defence necessary to carry out an adequate air defence role.

Mr. Nowlan: Mr. Chairman, this matter of national defence is a most complicated field, probably the one in which greater doubts can be expressed and questions raised than in almost any other field with which members of parliament have to deal. And, certainly, one is not speaking with any professional knowledge of the subject when one attempts to speak this afternoon. Any experience that I had was in a war many, many years ago, whose practices and weapons have been completely outmoded.

However, I do not feel too bad about dealing with this matter at this time because I understand the minister himself in his opening speech—and I think quite properly—admitted and said—and perhaps this is one of the more encouraging things that we have found from the minister's approach to his department—that he himself did not know the answers to many of the problems with which he was confronted, and he felt quite certain it would be a long time before all the answers were given. With that I quite

agree. In approaching the matter this afternoon, Mr. Chairman, I am doing it in that spirit, not in one of criticism as such except perhaps on one particular approach; that is, I feel that because of this doubt, because of the uncertainties, the request that has been made by this party, and particularly by the Leader of the Opposition, that the whole matter should be referred to a committee for investigation, is entirely justified, although I realize it cannot be done at this session at this late hour. Anything I do say about these problems I hope will be directed toward the end that in another year that will be done.

The problem of war is very different now from what it was at one time. Originally, I suppose, people went to war to get food and possibly to get slaves; some tribes went to war to get wives, and gradually they went to war to capture land. Wars were therefore at one time profitable, or at least our ancestors must have thought so.

I remember a former speaker of this house, the late Mr. Rhodes, telling me once of a trip he made to Britain during the first world war. While he was there he was entertained at a luncheon by the Vickers Armstrong Company, I think it was, the great armament manufacturers. During the course of the luncheon he said he assumed they had solved all the problems with which they were confronted and they said, "No, we have only one problem with which we still have to deal, and that is to find a shell that will pierce the strongest armour plate and conversely find an armoured plate that will resist any shell."

I presume that problem is still with us. Perhaps, however, it does not have to be solved today, because I suppose you could have the strongest armour plate in the world; but a battleship with the greatest thickness of armour plate cruising the seas does not have to be struck by a shell. A bomb bursting 5,000 feet or more above it, or perhaps several miles away, could reduce the armour plate to scrap and everyone within the ship to a burnt crisp in a matter of seconds.

We have reached the stage, Mr. Chairman, where one sometimes wonders if these discussions concerning war are—I will not say archaic, but are hardly realistic in one sense of the word. We have all heard a great deal of talk about whether we are going to have a brush fire war or an all-out war. Who is going to draw the line between a brush fire war and an all-out war? I do not think anyone can answer that question. For instance, if Hitler had had a thermonuclear weapon in the latter part of the last war and had realized he was losing the war, who would question the fact that he would not have hesitated to use it even though there might have been an understanding at the beginning of the war that it would not be used?

We talked a great deal about the other side not using gas in the last war, but to a large extent that was perhaps a tactical weapon. I am sure that in the last few days of the war Hitler would not have hesitated to use gas if he had felt that by doing so the war could have been won. I do not think there is any real value in our hoping that certain weapons will not be used, nor in our hoping that we will have a brush fire or a conventional war rather than an all-out war. One can start off with that hope and with that plan, but when one side realizes it is losing the war and hopes that by using some other weapons the loss of that war can be avoided, I think one can expect that such weapons will be used.

The ultimate aim of all these things, of course, as the minister and the Secretary of State for External Affairs realize, is to create a state of disarmament wherein there can be some real hope that neither brush fire nor thermonuclear warfare will be engaged in at all. I think what we have to do in the meantime until that situation develops is to work out some *modus vivendi* whereby we can maintain our own way of life and stand prepared to defend ourselves against an attack should it come. That, of course, as the minister said, constitutes the problem with which we are confronted.

The hon. member for Brandon-Souris in justifying the expenditures on radar lines a few moments ago said that after all—and this is a point which I think the general public does not appreciate—their real purpose is to give the strategic air command a chance to get its planes off the ground. Their purpose is not to protect the public, as I understand it, but is rather to give the bombers a chance to get into the air so they will not be destroyed on the ground and in order that they can launch a counter measure of massive retaliation about which we have sometimes heard in the past. Well, if that is the hope and the only hope to be derived from them it does not hold out much comfort for the rest of us, because we are probably going to be burnt to a crisp anyway. If we reach that stage of crisis where we are under attack and are launching a retaliatory attack, the world will be in that state that has been caricatured by a monkey scrambling over the rocks overlooking the devastated countryside and commenting to himself that no one should ever start this foolishness all over again.

We do not want to go that far, yet apparently that is the degree of desperation

to which we are forced when we talk about these radar lines. Several hundred years ago when our ancestors came to this country they erected stockades and withdrew behind them every night. Then gradually they spread out over this continent and the pax Britannica spread over the world. We had several centuries on this continent and one century as far as the world was concerned of prosperity and relative peace. At least any wars that occurred were on a tribal basis.

I sometimes wonder if we are reverting to the stockade mentality in this country, withdrawing behind the stockades of the radar lines in North America as our ancestor withdrew behind their stockades in order to protect themselves from Indian attacks. The only thing which occurs to me in this connection is that perhaps the stockades which protected our ancestors against the Indians were more effective than the stockades we are erecting on this continent today.

When I come up to this house in the morning and return at night I cross the Rideau canal, and it is forcibly impressed upon me that it was the distant early warning line of the past because we were then guarding ourselves against attacks that might have been launched against us from the south. We know from our reading of history that the canal was built from Ottawa to Kingston in order that we could move our troops into the great lakes and ward off an attack from the aggressor which would come from the south.

That D.E.W. line, if I might call it that, may have served a useful purpose; it may have protected us against aggression, I do not know. I really doubt it. Nevertheless it certainly involved the expenditure of terrific sums of money in those days which may have been all to the good in expanding the gross national product. It undoubtedly serves a useful purpose today because it is now one of the beauty spots of Ottawa, and young boys and girls can paddle up and down there at night in canoes and whisper sweet nothings and make love to one another. It therefore really serves a tremendously useful purpose.

I sometimes wonder if the radar lines in the north will ever serve a useful purpose. It is not possible to sit on them and hold hands and whisper sweet nothings. I have been informed that it is too cold up there, even for the birds to do that, so I wonder whether the expenditure for the stockade of today will have the same justification as the expenditure which was made for this D.E.W. line of a great many years ago. In any event, we are told it is necessary as a part of our defence machinery, and there is a great deal one has to accept on faith. I presume the statement of the experts to that effect falls into this category.

But there is one thing one learns in this country, and I suppose in any country, and that is that it is advisable to know what the public are saying. I think generally we who believe in the democratic system, although we may violently disagree with the results that are sometimes expressed, also believe that the verdict of the people is something that has merit and something to which one should listen. I think the trouble with a good many people today is that they cannot listen. If you go into the average home you will find the television set blaring and you are not able to have a conversation. If you travel on a plane you find that it travels at such a vast speed and makes so much noise that it is impossible to be heard by your travelling companion and it is equally impossible to listen to him.

I prefer to travel by train and take it leisurely. If one does that one can sit in the club car or the smoking lounge and talk to people and listen to them, and one can learn what the average businessman and the ordinary citizen of this country are thinking. There are many of these ordinary Canadian citizens who wonder just what justification there is for the expenditure of millions of dollars on the various radar lines. We hear of hundreds of millions of dollars being paid out for all this, yet in the next breath we hear that the I.C.B.M. will be developed within a few years. Apparently all we have to learn is how to bring it down from the air without it burning up, and how to make it hit its target. If we can do that we will have mastered everything and will have a weapon capable of blasting us into kingdom come.

The minister told us that he thought that weapon was further removed than the columnists seemed to suggest. I hope he is right. However, I do not think anyone expects, and I do not think the Secretary of State for External Affairs will suggest, that there is any danger or likelihood of war breaking out in the immediate future, a conventional war with planes and all the rest of it. At any rate these questions are being raised by the public. They know that something must be done and no one is particularly critical, yet there is that reserve of doubt which is increasing as time goes along.

That is not good. Apparently we are in for a long-term pull in this world in which we now live. We have seen the difficulties which the secretary of state and his associates have had in trying to work out even an approach to disarmament. We hear of the evasions, the

committees, the adjournments, the postponements and I am sure the utter frustration that comes from it all. The fact is that we have to maintain a high degree of preparedness and defence for many years to come. To do that we must have a spirit of acceptance by the Canadian people and the public generally. No one is going to refuse for one moment to pay out money if it is necessary and if the expenditures are justified, but sometimes there is the thought that perhaps we are living in two worlds. At one moment we are told that war is an impossibility, then at the same time we are asked to prepare for war.

We have heard a great deal in this country about co-operation among ourselves and other countries. The public are becoming a little alarmed about this. We do not seem to be able to even co-operate on the manufacture of our rifle. I think there must be a greater degree of co-operation, of mutual trust and of working together than anything which has been indicated in the past. This morning the minister told us, I think in answer to a question, that we had spent $24 million on the "Pussy Willow" or the "Velvet Glove" or the "Puss in Boots", whatever it is, this mysterious weapon which we tried to develop and then had to drop.

There is some question as to the degree to which a country such as ours should embark upon scientific work of that kind unless we are assured that there has been close study, that this work is closely integrated with that of other countries, and that they are prepared to co-operate. One country should not try to take more credit than it deserves because of national pride or the ambition of someone to carry out work which should be spread more evenly across the board.

From what the minister has said, from this expenditure of $24 million we at least got some negative benefit or perhaps constructive benefit, in that we found out how it could not be done. That is quite a high price to pay for such negative results. It reminds me of the college mathematics professor who stood up before his class and put a great many algebraic and geometric designs on the blackboard. Finally he stood back and scratched his head. One of the students asked him what that proved. The professor replied, "My boy, that proves we cannot do it that way." If that is all we got from the $24 million expenditure it may be hard to justify it.

The unfortunate part, and here one can be more critical, is that quite often it has been necessary to go to the records of the United States in order to get information on these things. I believe the minister was sincere when he said this morning that he had never refused to answer a question, that he had given all the information it was possible to give. He even convinced me at the moment that he believed that statement when he made it. But certainly the newspaper editors of this country do not believe that. They do not doubt the minister's word per se, but they certainly doubt that we can get the necessary information. Members of parliament do not believe that. We do not get the information we want. It is impossible in a bulky committee of 175 members, or whatever the number is, in a short period of three or five days—

An hon. Member: It appears to be less.

Mr. Nowlan: After all there are four other committees sitting at the moment, which makes it all the harder for one to explore these matters and get the background and the, shall I say, philosophic approach to the problems with which the department is confronted. I suggest that that cannot be done in a committee of this kind in the short time which is available to us. It is just utter nonsense to think it can be done.

The minister may say that he has given us all the information he can and all the information for which we have asked, but that is not the case. Since the Korean war and up to the end of this year we will have spent in Canada over $10 billion on national defence. I venture to suggest that the great majority of Canadians know much more about the Einstein theory of relativity than they do about how the Department of National Defence spent that amount of money during the last few years.

Year after year we were denied information because it was classified, particularly by the minister's predecessor; yet the Leader of the Opposition spent 15 minutes one day reading into the record evidence given before a Senate committee of the United States where everything which had been denied to us as being classified was exposed. Only lately we had a general from the United States air department giving criticism of the CF-100, our inadequate radar screen and all the rest of it. Unfortunately it seems that we can get more information from the proceedings of a committee of the United States Senate than we can from our own department.

I could go on giving illustration after illustration, but I do not propose to take the time of the committee to do so. I simply want to say again that I believe and I think we all believe we are in a long, long period of tension during which this country and other freedom-loving countries will have to

spend much more money than they want to spend. They will have to do it in order to preserve their freedom. If you are to do that you must have an educated and instructed public opinion to give you its support.

There are many ways in which the communist menace can be met, and I do not think it is going to be done by picket lines. I do not think it is going to be done by bayonets alone. It has to be done in other ways. We have to maintain our financial strength. We have to maintain public opinion. We have to have the zeal, the determination and the belief that we are doing the right thing and that we are working together toward the right end.

We read what is written by perhaps a fifth columnist; we read what is written by experienced newspapermen like Norman Smith or by industrialists like James Duncan; but whichever way you turn you read how the Russians are working with zeal, with determination and with interest which everyone suggests puts us to shame. If we are going to work as we should, I say again that we have to mobilize public opinion as much as we have to mobilize our manpower. I think one way in which that can be done is by the setting up of a defence committee such as has been urged by the Leader of the Opposition.

As I said earlier, I know it cannot be done at this late hour in the session if it is to serve a useful purpose, unless it is allowed to sit after the house rises, but I suggest that the minister take this suggestion seriously. When this house reconvenes next year, whenever that may be, he owes it to the Canadian people and he owes it to himself that there should be a full and searching inquiry into all these matters to which I have made vague references this afternoon.

We know that the one key to our survival is that we have the power to defend ourselves, to retaliate, to deter others from acts of aggression because we have the power to strike back if they strike us. We are in the unfortunate position, with our way of life, that we have to sit back and be prepared yet not take any aggressive steps ourselves. That requires a great deal of thought and development of the proper approach psychologically and socially in a nation. As I said before, and I do not wish to repeat myself, one way in which that can be done is by the appointment of this committee. I certainly believe that should be done when this parliament reconvenes.

Mr. McLeod: At the outset I should like to endorse wholeheartedly the remarks of the previous speaker. I think he hit the nail on the head when he spoke of the need for public opinion and the determination of the people not only of Canada but of any nation to defend themselves and equip themselves for that defence.

A few days ago, when these estimates were previously before the house, our leader, the hon. member for Peace River, spoke of the struggle being waged to spread communism throughout the world and the battle between two great ideologies. I think all of us agree that this has divided the world into two great camps of which the dividing lines are constantly changing. In a state of fear, the democracies are spending billions of dollars to put themselves in a position for the defence, not only of themselves but of all friendly peoples, against the military might of the nations behind the iron curtain. These nations seem determined that the ideology of communism shall prevail not only in their own countries but shall spread throughout the world.

Today this small nation of 16 million people is faced with estimates of $1¾ billion for the purpose of defending itself against this threat, and we in this parliament are properly quite concerned. We do not begrudge the money, and we are certainly in accord with the first sentence of the white paper:

> The aim of Canada's defence program and planning is to provide for the security of Canada.

We agree with that wholeheartedly. We have read this white paper through quite carefully and we are in agreement with the ideas expressed therein. I do not believe there is a single Canadian who will question the fact that it should be the aim of Canada to provide a program and plan of defence for the security of Canada; but the time has passed when we must accept these estimates blindly. I agree with every speaker who has spoken thus far and suggested that these estimates and the whole problem of defence should go before a committee on defence. I believe this committee should be permanent and should be sitting not necessarily only while the house is in session but as need arises throughout the year. The Leader of the Opposition made a moving demand for such action, and I am sure the thinking members of this house will support that demand.

The minister himself expressed the wish that we should ask questions so he could add to the information he has already given in his speech and in the white paper, but how can we ask questions when there is nothing concrete placed before us on which to base our questions? What facts have been given to us? Are we still at the stage where we are put off with the old eyewash that it is not in the national interest to make these

things public? I claim that the only enemy we can think of at the present time knows more about our military defences than any member of this house, and I am not excepting the Minister of National Defence himself. Since coming to this house I have been made to feel that I would be disloyal if I questioned these estimates in any way, but I believe the day for that type of thinking is passed. The time has now come to get down to brass tacks and study in a businesslike manner the expenditures with which we are faced.

There is one thing we ask, and I think it is the important thing in the minds of most people. Are we getting value for the dollars being spent? The people of Canada have a right to know the answer, and we as their representatives have a right to get that answer for them. We want facts, not literary gems as we were handed in the white paper. I refer to paragraph 6, wherein we are told:

> Canada's principal support of the west's retaliatory striking power is our contribution towards early warning and air defence on this continent.

I should like you to visualize a map of Canada showing these warning lines on which we have spent so much money. We have the "Pinetree" system, the mid-Canada supplementary warning line and the distant early warning line. When we see these on the map we are lulled into what may be a false sense of security. I know that the defence department feels justified in having these lines and in feeling that it is the only way to provide what they hope these warning lines will provide. But we read articles in our press and periodicals, supposedly by experts, who tell us that these lines are obsolete. What are we to do? Whom should we believe?

There I think is another reason why we should have the opportunity of calling these experts before a committee and getting the facts. Millions have been spent on these lines. I hope they have been wisely spent, and I hope the plan to continue to spend many more millions will also be wise. But, on the other hand, if it should be proven that those lines are obsolete, why continue spending millions of dollars of our taxpayers' money on this system of defence? The taxpayers would certainly like to know.

Then in paragraph 7 we speak of our navy and the defence of our sea lanes. The minister recognizes our responsibility with respect to the naval service, but is recognition enough? In the same white paper, at page 6, we see a listing of our naval strength. It looks very imposing and I hope it is very effective. However, we should like to be assured by naval experts that the strength and the composition of our navy will allow it to do the job that will be required under conditions that will exist in a future war.

Then we come down to paragraph 9, which reads in part as follows:

> 9. As a result of the build-up in defence strength and organization during the past several years, Canada's armed forces are now more effective than ever before in our peace-time history.

That is certainly good news, Mr. Chairman; but then is it enough? It is not a question of whether these may be more effective than they have ever been before in our peacetime history. The question is whether they are effective in comparison with what we know is the standard today in the nations that may be our enemies tomorrow. That is the kind of information we want to get. Experts who profess to know something of the science of modern warfare contend that we lag far behind. I am not going to stand up here and put forward any opinion as to who is right or who is wrong. However, I would still say that we want to know the facts, and that the only way in which to get those facts is to have these experts before a committee set up to study the whole problem.

There is a controversy over the mobility of our forces and there is also a controversy in the old country at the present time over the same problem. I notice that there is a difference of opinion as to whether we should have fluid mobility on the ground or whether our defensive troops should be airborne. We see that the trend is toward airborne troops, and I am personally inclined to believe that that is the proper procedure. But then, in the light of the fact that experts have said it is unwise to neglect ground mobility, I would say that we should again ask ourselves the question, are we neglecting ground mobility for airborne mobility?

I am perfectly satisfied that, with regard to getting into the northern areas of Canada, we have not the roads by which we could transport troops. Instead of depending on air mobility, might not the smart thing be to build access roads into those areas? I can quite agree that if troops were landed by an enemy power in those parts of Canada, once they had occupied their position on the ground, in any attempt to meet that threat by means of airborne strength our forces would certainly be at a great disadvantage in landing, especially when within reach of an enemy who was already settled in those areas. Hence it may be that ground mobility still has a large place in the make-up and in the consideration of providing defence for our remote areas.

Of course there is another reason why we should have a committee, namely to get the

considered findings of the experts who should know. We are not questioning the ability of any official of the Department of National Defence. I hope the plans that are being followed are the best plans that the brains and the know-how of our people can provide. But I believe that all doubt raised in our minds by these noted authorities not only in Canada but in the United States and Great Britain should be cleared away; and again I would say that the only way to do that is by means of a committee of this house.

I now come back to the first sentence in this white paper:

1. The aim of Canada's defence program and planning is to provide for the security of Canada.

The whole emphasis is on military defence, but I just wonder whether that is the all-important thing in connection with the problems which we we are facing today. The only enemy, of course, we have in mind is Russia and the iron curtain countries, but I sometimes wonder whether it is just wise to concentrate on warfare conducted entirely in a military manner. We think of world war III, the war about which we talk so much and hope will never happen. We visualize a rain of devastating destruction delivered by the Russians, something which may never happen yet could happen.

I say, Mr. Chairman, that we have been at war. This world war III has been going on for some years. In fact it has been going on ever since the communist leaders decided to spread their doctrines throughout the world. You can call it world war III, the cold war or the battle for men's minds—it makes no difference what you call it—but as yet there has been no clash of the armed forces and so far our defences are geared entirely to meet that clash that we are expecting to happen.

Yet there have been battles. We do not like to say that they have been wars. We like to refer to them as incidents. There has been the Korean incident. There has been the incident in Indo-China. There has been the incident in Morocco. There have been the Israeli-Arab border clashes. We have the Algeria incident, and we have the Cyprus incident. All this is similar to what was happening before the actual world war II broke out in full force. As you will remember, before that happened we had the Ethiopian incident and we had the Saar valley incident. They were similar to the incidents that are taking place in the world at the present time.

Then after world war II was actually under way in earnest, you will remember the months that the German army stood motionless before the Maginot line. You heard and read of the phony war. We could not understand what was going on or what was taking place. Yet actually what was going on? The same thing was going on at that time, Mr. Chairman, as is going on today. The nazis were no more idle than are the communists in this day and age. The nazis were softening the enemy from within. When this had been done, what happened? The German juggernaut rolled on into France almost without opposition. Laval and his gang had softened or had broken down the French people's will to resist, the will to defend themselves. Then we had Quisling in Norway.

I do not blame the local people or do not pretend to say that Quisling and Laval were set up there at the wishes of the Norwegian and the French people. These traitors, Mr. Chairman, were put there and encouraged to gain control of their people by the nazi agents, just the same as we have communist agents working in the various countries of the world today. This gives us something to think about. We do not like to even suspect that there may be a Quisling in Canada or in any of the other free nations of the world, but then who would ever have thought there would be a Quisling in Norway, a country we knew for generations as one of the most democratic and freedom-loving? Yet Quisling came to the front in Norway. The same thing could happen here. We have planning and scheming to weaken our people from within and to destroy our determination to stand for individual freedom and to defend our democratic way of life. In this struggle, Mr. Chairman, we can ask ourselves, will communism survive or will freedom prevail?

In this struggle I have mentioned these are incidents or steps in the greatest battle the world has ever known. There will be more leading up to the final clash. If it comes it will mean the obliteration of one of the great forces in the world. Will it be communism or democracy that survives? That is the question that thinking men and women of the free nations of the world are asking themselves as they look into the future. If the armed clash never comes it will be the greatest victory the free world has ever known. If it never comes it will mean that the communists know they have lost the battle for men's minds. It will mean that Canada and the other free nations have provided for their security, not by military preparedness but, as the hon. member who just spoke mentioned, by building up the determination and the will of the peoples of the free world to defend themselves against communism on the home front.

Communism, Mr. Chairman, is the enemy against which we must defend ourselves. It cannot be done with armies, ships and planes. It must be done by education, by leadership, by giving our people and all the free peoples of the world, as well as those people who would like to be free, a way of life and ideals that communism cannot give. That is the answer to communism both from without and within. It cannot be done by any one department. It cannot be done by the department of defence. It cannot be done by the government of Canada. But I will say that it can be done by all the governments and all the free nations co-operating in a plan to give the free peoples everywhere something better to live for, and something better to die for if need be. It will not be an easy struggle. It will take billions, but I am satisfied that the free world including the people of Canada will not be averse to spend their billions if they see they are winning in this fight against communism.

Mr. Fulton: Speaking earlier this morning, Mr. Chairman, the Minister of National Defence said he felt he had given all the explanations for which he had been asked, with one or two limited exceptions which he listed, and that he found it rather hard to understand why members criticized him or his department on the basis of being unable to get full information about national defence policy and activities. There is one outstanding matter for which I do not believe the minister will contend for a moment he has given adequate explanation or information, and that is the fact that the total asked in the estimates for national defence this year is dollar for dollar with the amount asked for last year, notwithstanding that there is in this country a large body of opinion which feels that our defence program should be substantially revised, and notwithstanding that in other major western countries there have already been substantial revisions of the defence program.

We have had nothing in the way of an adequate answer to the criticisms that have been made of the old look of Canada's defence program and of the concrete suggestions that have been made for revising and altering the character and composition of our defence program so we might have a new, up to date look with respect to our defence efforts. It is within that general framework of inability to get concrete, down to earth discussion of defence policy that the detailed criticism arises of the minister and his department for not furnishing adequate information. It is because of that sense of frustration, if you will, resulting from the inadequacy of the discussions and answers which are given here, that the demand for a committee on defence estimates has arisen. We have not had an adequate answer from the minister as to why that demand should not be met. It met with a substantial body of support in the press and from other informed critics in Canada. We have not had an adequate reply from the department.

It is also in that framework that I want to make certain criticisms of the department and of certain things which have taken place. It may be said that these incidents to which I shall refer are in themselves minor matters; at least of some of them that might be said. I am quite prepared to admit that one or two of them are small matters, primarily of local significance. However, the only explanation I can find for the incidents to which I shall refer is that the policy of the department and the minister's grasp of the department lack cohesion and lack a central co-ordination. It is the multiplication of this sort of incident which gives rise to the general criticism and the feeling that until we get some adequate method of discussing and coming to grips with defence policy, we shall not be able to improve the situation.

Reference was made earlier to certain unsatisfactory conditions with respect to civilian employees of the department. The minister in reply this morning told us that the Department of Labour carries out an annual study of the prevailing rates of wages in areas where the department employs casual or prevailing rates employees, and an attempt is made to keep the scales of pay of those employees of the department in conformity with the prevailing rates in the area. Well, we accept the minister's word for that, but I do not know why it is that there is so much dissatisfaction and such discrepancy between the rates paid to civilians in the department and those paid in comparable civilian employment in the area itself. I have annually, some cases more than annually, complaints from the employees of the naval ammunitions depot near my own city, particularly from the fire-fighting personnel in that depot. They had facts which they laid before me and which I passed on to the department, and they certainly substantiate their claim that they are not in receipt of remuneration comparable with that received by those in similar employment in strictly civilian capacities in that area.

Just recently I have had correspondence with the minister with regard to the situation at the former No. 37 ordnance ammunition depot at Kamloops, particularly with respect to the provision of fire-fighting personnel to protect that depot. There exists here a state of absolute confusion, confusion

confounded, as I shall indicate to the minister by his own replies to me which are apparently at variance with what the department itself is doing there with respect to the employment of fire-fighting personnel.

We had three ammunition depots at Kamloops, a naval depot, an army ordnance ammunition depot and an air force depot. It was recently decided to close down the air force depot and move the personnel and I believe the ammunition to Edmonton, and that the army ordnance personnel should take over the air force depot. That move has now been completed and the former ordnance depot—that is the magazines and the physical installations—are no longer manned on a full-time basis by the ordnance corps personnel. I should of course observe that each of these ammunition depots naturally enough requires not only civilian guardians but adequately trained fire-fighting personnel ready at a moment's notice to deal with an outbreak of fire, should it take place. The situation is that the fire-fighting personnel formerly in charge of the work at the ordnance depot have been moved out to the former air force depot which the ordnance has taken over; but in the magazines of the former ordnance depot there is stored, and I am told will be stored permanently a very substantial amount of ammunition, though the personnel by and large have all been moved out to an area at least some 12 miles from where the former ordnance depot is. All that is left at the old depot to protect the magazines full of ammunition are five guards who are on a 24-hour basis, which means that there are three in the day watch, one in the evening watch and one at night.

I should point out to the committee that those magazines are near a growing area which was first built up by the Veterans Land Act authorities. It is just outside the city limits, and beyond it lies this Veterans Land Act settlement where there are now, I should think, at least 150 families and, as you will appreciate, Mr. Chairman, families in the nature of things with an increasing number of young children. I am told that the experience of the guards there has been that on an average of three times a week they have found those young children wandering about and getting into the area of the magazine. You will appreciate the concern that causes the parents, when they know that large quantities of ammunition are stored under what I submit definitely is inadequate care, and in an area back in the hills where children are in the habit of wandering about.

I brought this matter to the attention of the minister because I learned that the fire-fighting personnel previously in charge of these physical establishments had been laid off during the period of the move, and those at the former air force depot were now being laid off. Upon learning that and also upon learning of the concern felt by the residents of the district for the safety of their children and their own homes, I got in touch with the minister on June 18 and outlined the situation to him, and asked him a question in the house on June 20. In reply to that question the minister said, as recorded at page 5206 of *Hansard*:

> I have looked into the situation and according to the advice I have received there is a permanent staff of five civilian watchmen at No. 37 ammunition depot at Kamloops. They are all well-trained in fire prevention methods as laid down by the Royal Canadian Ordance Corps regulations. In addition, of course, the navy has a fire-fighting detachment on the other side of Kamloops which is on duty in three shifts 24 hours a day and is therefore always available.

I do not know whether or not the minister has been given the full information, though I would hope he would make it his own concern to get it because, as I told him, this is a matter of very great concern to the people of that district. The answer that there are five civilian watchmen at the depot gives a wrong impression. There are five there, yes; but they are, as I say, on three shifts. There are three during the main daylight watch, but in the two other watches there is only one to guard an area of a score or more of acres, if my impression is correct. There is only one telephone at the old entrance to the camp, and this one man, when there is one man on duty, has to make a tour of the area. If he should find any trouble he may be a matter of half a mile or a mile away from the telephone. When he is there all alone it would take him a matter of some minutes, at any rate, if not an appreciable number of minutes, to get back to the telephone and get word to anyone to come to render any assistance. This one man could not do anything with respect to fighting a fire, should a fire break out.

The minister says there is a naval fire-fighting staff. They are some three miles on the other side of the city. They would have to go right through the city to get there, and it seems to me to be courting disaster to say that a fire brigade which is still necessary on the basis of a constant 24-hour watch at the naval depot is going to be relied upon to travel about two miles, and then one mile through the city of Kamloops, and half a mile on the other side of the city and then deal with a fire out there. How long does the minister think it would be before men could be got to it, and what would happen to the naval depot in the

meantime? Yet the minister apparently has been told, according to what he said to me, that his department thinks that adequate safeguards, adequate care and fire protection, are available at the old naval ammunition depot. He went on to explain the situation with regard to what I had told him in these words:

> I think probably what the hon. member refers to is that recently there was a fairly large amount of ammunition supplies being transferred to the depot at Rayleigh.

That is the former air force depot which the army took over. I continue:

> A number of civilians were engaged on a temporary basis to assist in this movement and to ensure safe handling. They were classified as watchmen or fire-fighters. When the transfer was complete they were released.

Well, I have written the minister again since this question and answer took place, pointing out to him some of the facts I have laid before him and before the committee, and I pointed out to him that it was an odd thing that he would tell me on June 20 that a number of these personnel had been released, notwithstanding what I had told him as to the necessity of fire-fighters at this former depot. Yet I have in my hand a poster put out by the civil service commission of Canada dated Vancouver, British Columbia, June 15, reading as follows:

> Civil Service of Canada Requires Fire-fighters—
> Department of National Defence—
> Kamloops, B.C.

On the one hand the department tells me on June 20 these men were laid off because their services were no longer required, and on June 15 the same department puts out a poster advertising for fire-fighters.

Mr. Campney: That was for the naval depot, as far as I am aware.

Mr. Fulton: Why were not the men transferred? One of the complaints I brought to the minister was that these men were being left without jobs. Why should there be this involved process of laying them off because they were not required at one depot—a statement with which I disagree—and then the expense of a poster and an examination or competition to take fire-fighters on at another depot? Does it not strike any ordinary person as being a sensible course of action, if these men were really not required at one place, to simply transfer them?

Mr. Campney: According to my information the men laid off were not actually fire-fighters, and I think I explained that when the question was raised in the house.

Mr. Fulton: They performed duties in the nature of fire-fighting and guard duties.

Mr. Campney: They were classified as fire-fighters, but they were actually movers of ammunition. I think that is the information I gave to the house.

Mr. Fulton: Some of them were, but my information is that others who are now without work were certainly involved—I am not able to say whether or not they were definitely classified in this way—and were performing the duties of fire-fighters before the move and during the time the move took place.

There is a twofold difficulty that the magazines not now in active use but in which a large quantity of ammunition is stored are without adequate guard and without adequate fire-fighting protection; these men have been laid off, and at the same time the civil service advertised for fire-fighters for the Department of National Defence at Kamloops.

I would ask the minister now to look into the situation himself and find out what are the facts. I am confident if that is done he will agree with me there is a need for another look at the situation. I believe there is some conflict of opinion in his own department concerning the matter. I believe that if he investigates the matter and gets to the bottom of it he will agree with me there is a confused and unsatisfactory situation in this connection.

I would also like to refer to another situation which is causing concern to the people of Canada, and that is in connection with the radar line installations. I have a twofold criticism here, both a general one and a particular one. We are very much concerned both over what Canada is spending on these radar lines from the point of view of whether we are getting value for the money. Others have discussed that and I do not need to deal in any detail with that problem. We are also concerned as to whether Canada has in fact parted with its sovereignty particularly with respect to the D.E.W. line, and to a lesser extent in connection with the "Pinetree" line, and whether the basis upon which the handing over of the installation and the manning of these lines to the United States was justified.

In this connection I would refer the committee to a thoughtful though critical article by Mr. Ralph Allen, the editor of *Maclean's* magazine, in the May 26 issue, entitled "Will D.E.W. line cost Canada its northland?" On page 17 of that issue of *Maclean's*, referring to the D.E.W. line installation, Mr. Allen said this:

> It is the charter under which a tenth of Canada may very well become the world's most northerly banana republic. For a sum of money that has been officially estimated at four hundred million

dollars we have at least temporarily traded off our whole northern frontier. In law we still own this northern frontier. In fact we do not.

In the illustration on page 17 the approximate locations of the three lines are traced out and the following wording appears:

D.E.W. line, cost $400 million. United States pays all.

Mid-Canada line, cost $170 million. Canada pays all.

Pinetree line, cost $450 million. United States pays two thirds.

Judging from many of these articles and other comments I have heard and read the justification for the situation on the D.E.W. line is that it is of primary benefit to the United States. It is going to cost $400 million; therefore it is only fair that the United States who wanted it built as a crash program should pay for it. I have also seen suggestions to the effect that it is extremely questionable whether Canada had either the physical resources to build it or the trained and skilled personnel to man it, and therefore it is said again it is quite appropriate to have the United States build and man it on the basis they are doing.

Mr. Allen has some interesting comments on that aspect of the matter at page 69 of his article. This article is based, I should say, on a personal tour he made under arrangements made by our defence department and that of the United States government, in conjunction with a number of other newsmen. He says:

In return for the luxury of not spending money on the D.E.W. line we Canadians have surrendered something that for the last generation we have regarded as our greatest necessity: our independence. For a sum of money that during the approximate construction period of D.E.W. line—roughly 1954 to 1957—will be somewhat more than equalled by the taxes we will pay on tobacco, we have delegated the effective working control of at least 10 per cent of our land area to the United States air force.

Mr. Allen makes a sincere and conscientious effort to be fair about this, and he does pay tribute to the United States personnel who are manning these installations and those in charge of them at United States headquarters for their concerted effort not to be irritating to Canadians and to do everything possible to avoid any personal breaches or anything which would give rise to a feeling on the part of the Canadians that the Americans are in fact bossing the situation up there. He does point out, however, that the existence of the situation makes such a feeling inevitable despite how conscientiously the Americans may try to avoid it, and he gives these examples of the feeling that has been engendered.

The following incident occurred on the way up to the R.C.A.F. station at Frobisher bay on Baffin island. In referring to the incident on page 70 the author says:

Later the station commander explained the exact division of functions on the base between the U.S. and Canadian air forces. "The USAF," he said, "is responsible for administration and operations. The R.C.A.F. is responsible for policy." Walking back to the mess, I asked a fellow reporter what he made of these distinctions. "It's easy", he said. "If you want to fly airplanes around here, you ask Washington. If you want to open a saloon you ask Ottawa."

A little later on he says:

But no amount of rough-hewn, new-world courtesy can conceal from anyone the simple facts that our basic allegiances—

He was referring to the two allegiances as between Canada and the United States.

—though nearly parallel, are not exactly so and that a good and loyal Canadian and a good and loyal American are not necessarily good and loyal in precisely the same manners and directions.

I am going to quote at some length from this because it is a revealing article. He refers to the feeling which is engendered as between Canadians and Americans out of the D.E.W. line and the inevitable feeling of annoyance which comes to Canadians. I continue:

In this confusion and mistrust there may lie unsuspected threats to the shadow of Canadian dominion over the Canadian north. The substance has already begun to disappear.

The most experienced and responsible Canadian I met in the north was a man I'd rather not identify more closely than that. I asked him bluntly: "Do you and your friends resent the presence of the Americans here?" "No," he said sadly, "it's the other way around. They resent our presence here."

Then he sums it up as follows:

How many dollars equal how much independence? How much independence have we really lost and how much of it could we have saved? How much more will be lost as our comfortable acceptance of the presence here of U.S. military commanders, U.S. military troops and U.S. military installations becomes as naturally ingrained as our acceptance of U.S. business capital and U.S. television, books and movies. To make any comparison, however remote, between what a few Canadian NATO squadrons might mean to the national identity of France and what a U.S. military base 2,500 miles long within Canada's geographical limits might mean to the national identity of Canada is to invoke one of the largest and sickest red herrings in the history of debate.

Under the original agreement Canada still has the right to take over the operation of D.E.W. line on "reasonable notice". To do so might represent a decline in the quality of our bookkeeping but there are good reasons to believe it would also represent an improvement in the quality of our statesmanship.

That is the sort of situation which makes Canadians question the policies of the Canadian government with respect to national defence the way we intend to defend our country, to do our part in defending Canada, as we say we do from time to time, according to the statements of the minister in the house

and as contained in the white paper. The question is whether this money we are spending is being spent wisely and efficiently.

The other experiences which have occurred in connection with these radar installations give rise to the same outlook. These experiences have to do with the readiness of the department to hide its actions under the cloak of security considerations. It is disturbing to the Canadian people to learn that these things are being built, and they want to find what they are being built for and how much they are costing. You cannot get that information because of the so-called security.

I should like to relate a couple of experiences I had which reinforce this feeling. There is a radar installation in the northern part of my riding. I am quite certain that its location is known not only to our potential enemy but to hundreds of my own constituents. It was supposed to be a secret. Suddenly a large number of United States service personnel began to move into the area with bulldozers, trucks and other equipment. Contractors began to move around and considerable construction took place at a point some 60 miles from the nearest substantial centre of population.

I was up visiting this area one day and found people waiting for me at the hotel. They wanted to know what they could do about getting compensation from the government for the damage they had suffered because of the construction of this radar station. I told them there was not much point in my trying to obtain anything because I knew nothing about it. They asked me if I did not know that the United States was building a big radar station at a point which I shall call X. I told them I knew they were building a radar line, but I did not know the exact location. I told them that when I went back I would take it up with the department. I was given the details of the damage suffered.

The minister's predecessor was then in charge of the department, and when I came back I outlined this situation to him in as strong language as I could use and still be polite. I told him I felt it was absolute folly that the last person to learn of the installation of a radar station in a constituency should be the member who represented that constituency. I said that a member should not be placed in the position of going up to an area and having people ask him how they would go about getting compensation, and having to say that he did not know the station was there.

I pointed out to the then minister, as I point out to the present minister, that these things cannot be kept secret. You cannot instal a radar station and bring in Americans with all their construction equipment and keep it a secret. Members of parliament, whether on the opposition side or the government side, should be in a position to be of assistance to the department in smoothing the way for the installation of these things, in smoothing the settlement of claims and in explaining to their people who are annoyed at what is going on, that the installation is necessary and justified. A member should be in the position of being able to assist the department in explaining these things to those who from time to time are resentful and critical.

The minister of that day agreed. He said he felt that was a reasonable point of view, that perhaps it was not wise that these things should be kept secret from members, especially when knowledge of them was bound to become widespread.

Recently I was taking my family home for the summer, and after spending two or three days in Kamloops I returned to Ottawa. At that time I was not making any extensive tour, but my next door neighbour asked me about the radar station that was being constructed up at a place he named not very far north of Kamloops. He told me that United States servicemen were moving in in large numbers. I said that I thought this was the same old story, that this was supposed to be a security matter and I asked him what he knew about it. He told me that they could not find out very much about it, as they were told it was secret. But some United States servicemen had come in along with construction machinery. This was all taking place on a favourite ski slope, but the area was fenced off and they could not get in there. Yet no one was supposed to know anything about it. You go home and you have your neighbours asking you about these things and you have to give the foolish answer that it is a security matter and members of parliament cannot be told about it; and all this notwithstanding the conversation I had with the minister's predecessor, when I thought the point had been established.

On the way back to Ottawa on the train I picked up the Winnipeg *Free Press* at Winnipeg as I always do, which contained the following article:

Four Die in B.C. Crash

Kamloops, B.C. (CP)—Four Vancouver men, on a top-secret survey mission for the federal government, died Wednesday in the unexplained crash of their amphibian aircraft.

A transport department investigation has been ordered.

Carl J. Baxter has been identified as the pilot. Also aboard were Don McVeigh, a construction superintendent and Ron Grierson, both employees of Bennett and White Construction Co. Ltd., of Vancouver.

The fourth man was identified as W. J. Sckyra of Defence Construction, Ltd., a crown corporation operated by the Department of Defence Production.

The plane, a twin-engine Grumman Widgeon, was owned by Bennett and White but company officials declined comment on the nature of the survey, stating:

"It is classified—we can't tell you everything."

The article said "everything" but I think they should have said "anything" because that is the attitude of the department. In a later press story I saw that the crash had taken place on the mountain near Kamloops on which this radar installation was being made. How absolutely ridiculous it is. Not only are we not told in this house the particulars of the cost and purposes of these things, we are told that we cannot even be told where they are located. We go home and are asked by our constituents about it, and we are the last people to find out about it. Then an airplane crash takes place practically on the site, and it is reported in the press, but they say, "We still cannot say anything about it or what is going on up there." We are not able to get information when United States servicemen are being brought into the area and say, as they have in the past on occasion said to our Canadian consituents, "You can't come in here, bud; this is security." We are told this is all supposed to be secret, that these things are to be installed and the Americans are manning them.

No wonder the Canadian people are critical of the attitude of the department and the way it spends their money, and no wonder members of parliament are unable to do anything but agree with the Canadian people in that attitude. I feel no false personal pride as a member of parliament. I am only saying that because I am a member of parliament I should be told, because one of the things that members are for is to obtain knowledge on behalf of their constituents of what goes on. What the government overlooks so often, it seems to me, is that members of parliament have a right to know and that the people also have a right to expect their members to be informed so they can tell them what is going on, and so the members can exercise their proper function of ensuring that the people's money is spent wisely and that the people are getting value for that money.

The Deputy Chairman: I am sorry to have to interrupt the hon. member, but he has exceeded his time. However, with the permission of the committee, he could, of course, conclude his remarks.

Mr. Fulton: I am just concluding. The situation I have outlined makes it impossible for members to discharge that function or to draw any other conclusion than that the people's money is being wasted and that attempts are being made to hide a good deal of the waste behind a veil of so-called security.

Mr. MacLean: Four or five decades ago wars were small operations engaged in by a few professional troops. War itself was probably looked upon as an extension of diplomacy. It was something to be used where diplomatic methods failed. Up to the first world war, the nations of the world had war departments as departments of government. Then, with the last two world wars, people began to realize that wars were no longer something engaged in only by a few professionals. They were no longer matters that were not the concern of the whole population, because a modern war required the efforts of the whole population and could be a national catastrophe. Then it became the custom to call certain departments of the government "departments of defence" or "departments of national defence". War departments became defence departments.

Since the second world war there has been a great acceleration in this evolution. It may or may not have been progress, but in any case we in this age find ourselves in an entirely new set of circumstances. It is my contention that under the present circumstances what we need in reality is not a department of defence but a department of survival or, better still, a whole segment of government which in close co-operation and co-ordination tries to discover a means whereby we as a people and as a nation can survive.

I am deeply worried by the fact that, instead of that, we seem to have not even a government with certain departments concerned directly or indirectly with defence but a government made up of compartments which should together be concerned with defence, compartments which see their own problems and try to meet them conscientiously but without seeing the significance of the over-all picture. This set-up reminds me of the six blind men of Indostan, who went to see an elephant so they—

Mr. Dickey: That was in your leader's speech the other day.

Mr. MacLean: —could have a first-hand view of the situation—

Mr. Dickey: The same elephant.

Mr. MacLean: It is the same problem, and it is an elephantine one anyway.

Mr. Dickey: You must have got the same script.

Mr. MacLean: Now that the senior member for Halifax has finished, I shall continue. We have the situation where the Department of National Defence is carrying on programs, I think conscientiously, trying to meet the problems of defence as it sees them from a professional soldier's point of view. We have the Department of Defence Production claiming that it has no concern except to supply what the Department of National Defence requires, regardless of whether or not it makes sense from a production point of view. As a result of that, we also have the Department of Defence Production doing most of its producing in our large cosmopolitan areas. The result is that our large cities are growing larger every day, and to house the growing number of workers congregated in these areas we have the Minister of Public Works helping to build more houses in these congested areas. From there the problem is tossed to the Minister of National Health and Welfare, who is responsible for the matter of civil defence. These problems are being created by one department to be solved by another.

We have the situation that our cities have become so large and congested that it would be impossible, or at least impractical, to evacuate them in case of an atomic attack. That is why I likened the situation to the six blind men of Indostan. The minister of defence could be likened to the second of the six:

> The second, feeling of the tusk,
> Cried, "Ho! what have we here
> So very round and smooth and sharp?
> To me 'tis mighty clear
> This wonder of an elephant
> Is very like a spear!"

That illustrates in a homely way the situation of defence if you look at it only from the point of view of professional soldiers. There was a fifth man also, the one who happened to grope against the ear, but to save the minister embarrassment I shall not mention him further.

I say this not in a spirit of ridicule or of jest but because I think it is a suitable homely illustration of what the situation actually is. We have ministers apparently living like hermits within their own departments, thinking only of the immediate problems that come to those departments. There seems to be a lack of over-all review of the situation and a lack of co-ordination, so that the efforts of one department will not create problems in another.

A moment ago I mentioned the problem in connection with our growing cities. As far as I can see there is no conscious endeavour by the government to curtail or to direct in a different direction the tendency of our large metropolitan areas to grow even larger. To me, if an atomic war should ever occur this is a problem of major importance. I think it is fair to say that at the present time there is no means of defending large cities 100 per cent against atomic attack, even against aircraft let alone against other means such as the intermediate range ballistic missile or the intercontinental ballistic missile of the future.

I think perhaps there is a tendency to take large cities for granted. Not only is there that tendency, but there is a tendency to brag about the fact that our cities are growing larger all the time and are surpassing other cities in population, area and that sort of thing. To me that sort of thing is something like a hypochondriac boasting about the magnitude of his ailments. Cities now are obsolete.

Cities were first created for three principal reasons. It was necessary that they be congested because a wall had to be put around them for defence. Second, in previous ages communication was a great problem and could be accomplished only by sending a messenger from one person to another. Third, there was the problem of transportation.

In this day and age of instantaneous communication cities are not justified on those grounds. On the ground of transportation they are not justified, because our cities now have become so large and congested that we are obliged to tunnel through the earth to get from one place to another, and it is impossible to find a place to park in most of them. Then in the third place, from the point of view of defence modern cities are a detriment and a handicap rather than an asset because, as our cities grow larger, a larger and larger percentage of our population and of our potential production can be knocked out by a minimum number of atomic bombs. It is therefore my belief that large cities, perhaps even cities over 50,000 in population, are as obsolete as are medieval castles in this day and age.

I feel that we have here a huge problem—an elephantine problem,—as I said before. I feel it is one that must be attacked with a brave new way of thinking, with the realization that progress is not something that just happens by accident and is not something that is inevitable, but that it is something that must be brought about by hard work, conscience and sound thinking. We as a nation at this time need real, inspired, and dedicated leadership. We require men of great ability to find the thread that leads to progress in the tangled skein of problems that are before us at the present time.

The lack of such leadership has left us like babes in the woods, like children lost in the countryside, not knowing what direction will lead to escape. Sometimes we wander in the direction of progress and sometimes we wander by accident in the way of retrogression, thinking that we escape. Real leadership can correct that situation.

Speaking of babes in the woods reminds me that I used to notice, in England during the last war, that when one was on the ground one had the impression that the landscape of England was very confused and irregular, and that every landmark led to nowhere in particular. But those who flew over England found that once you got up above the tangle of the situation you realized that there were straight lines radiating in all directions across England, especially from the old Roman camps, and that those lines were made up perhaps of a road here or a mark of a different colour across a field or something of that sort. That is the sort of situation we are in at the present time. We need leadership that will see the whole problem and coordinate our effort in one direction so we can make progress, and so the progress will be real, not something that is painted as progress but which in actual fact may be retrogression.

I think at the present time there is a real necessity for all leaders in all fields in this country to have a real appreciation of the problem before us. It is no longer something that can be left as a problem to be met only by professional soldiers. The problem is wider than that. As a step in this direction I should like to see set up in this country a defence college to which leaders in all phases of life would go in order to get an appreciation of what the problem is. Such a plan should include leaders in industry as well as our top-ranking military men. It should include political leaders and our top scientists. The problem of survival is a complicated one that involves all these fields.

If we are trying to look into the future and see what are the immediate possibilities, we can see that there are a number that are open to us. By some happy combination of chance we might in the near future embark upon a future of real peace. If that were the case, defence would become a secondary problem. But as far as I can see at the moment there does not seem to be any likelihood of that happening in the immediate future. We may find ourselves engaged in a period of small wars like the Korean war and others. Only in such a situation would our present defence efforts meet the problem because, generally speaking, our defence concept is based on former wars rather than on what may occur in the future, although I grant that in many directions attempts are being made to meet the problems that may arise in the future.

Then of course we may be obliged to live through a prolonged period of cold war during which we will have to spend large amounts on national defence. If we fail to meet that threat it is not because we are not spending large amounts of treasure and great amounts of energy and endeavour in national defence. For example, this year it is proposed that we spend $1,804 million on defence; that includes defence production and civil defence. This amount is 37 per cent of our national budget and about 7 per cent of our gross national product. Hence if we fail to survive it will not be because we have not spent enough money. But on the other hand we should realize that the spending of money alone will not guarantee survival.

There are many lessons to be learned from history in that regard. Only recently the French nation spent vast sums to build the Maginot line. Further back in history you have similar examples. It was not lack of endeavour or lack of funds that prevented them from defending themselves when the war came. In a condition of prolonged cold war, in our very effort to defend ourselves we may defeat our ends. We may lose some of our liberties; we may strain our resources in other directions so we cannot compete commercially in world markets and our economy will suffer. I think it was Nietzsche, the famous German philosopher of the last century, who said that simply by being compelled to keep constantly on his guard a man may grow so weary as to be unable any longer to defend himself. There is a real danger that the western world in general might find itself in that position if the cold war continues.

Then there is the theory, of course, that we can dispense with most of our expensive defences of a conventional nature and bank everything on massive retaliation, and in that way scare any potential enemy out of attack on us. This, in my opinion, is a dangerous gamble at best. It is only a type of Russian roulette, and some day if that is continued, though it may be justified on a short-term basis, someone is going to pull the trigger and have his brains blown out. If that should happen we would be engaged in a full scale atomic war, something that is more horrible to contemplate than the average person realizes.

There is a tendency for humans generally, I suppose, to have a blind faith that this cannot happen to them. Most of the peoples of the past who fell into tragedy and were

eliminated believed it could not happen to them. They lived on in blissful ignorance until the catastrophe was upon them. There are those people who feel that a full scale atomic war would be too horrible to contemplate and therefore it cannot happen. If we look at history at all it does not show that just because a thing is horrible it will not happen.

I am not one who tends to give much credence to prophecy; nevertheless I would not be so callous as to suggest that such a thing is impossible. If one reads through Tennyson's "Locksley Hall", which was written about 115 years ago, he will be struck by the accuracy of some of the prophecies there. For instance, one verse reads:

When I dipt into the future far as human eye could see;
Saw the vision of the world, and all the wonder that would be.
. . .
Saw the heavens fill with commerce, argosies of magic sails,
Pilots of the purple twilight, dropping down with costly bales;

We in our lifetime have seen that prophecy fulfilled, not only in general outline but even to the extent of the way in which it is presented.

Mr. Philpott: Why not recite the optimistic part?

Mr. MacLean: There are optimistic parts, but I am going to give the next verse which is not an optimistic one, and if it proves to be true it is something rather horrible to contemplate. This verse reads:

Heard the heavens fill with shouting, and there rain'd a ghastly dew
From the nations' airy navies grappling in the central blue;

I am not suggesting that the policy of the defence department should be based on Tennyson's poems or anything of that sort. Nevertheless that lays before us a picture of what may be in store for us. A responsible senior officer of the United States recently gave evidence before a committee of the United States Senate, and estimated that in a full scale atomic attack on Russia as many as 800 million lives might be wiped out, depending on the direction of the wind. Most people do not realize that the hydrogen bomb is measured in megatons, the equivalent of a million tons of T.N.T. A modern hydrogen bomb could wipe out a city entirely, leaving nothing in its place but a huge crater. In addition there would be great destruction from atomic fall-out for a long distance down wind. Those of us who live in the extremities of the country have concern and pity for the people who are forced to live in the large urban areas of this country for many reasons, and that is only one of them. If we wanted to be selfish about it, I do not think I could imagine anything less desirable than to have atomic fall-out land on my farm which consisted of the debris of and ashes of the inhabitants of a city like Toronto; but it is something that would be a reality if full scale atomic war were to come about.

There is a tendency for us to take a narrow view of things, not only so far as the general concept of the problem is concerned but to put a special importance on the small period of time in which we happen to be living. We are in the position that we have very little knowledge of the life of the earth except for a small period of recorded history. We are in the position of the weaver who can only see the last thread in the carpet in the loom. We would appreciate our own insignificance if we were in a position to unroll the carpet and see the full pattern from which we might be able to determine where we go from here. We should realize that for vast eons of time before man was ever seen on the earth, life went on in the form of lower animals and insects.

It is believed, as a matter of fact, that for a long period of time insect life was the major form of life on the earth and that a higher form did not evolve at that time because radioactivity was still so intense the higher forms of life could not survive. It is a scientific fact that insects can stand a much higher concentration of radioactivity than the higher forms of life. It may well be that if a full scale atomic war should ever come the results may be more devastating than we even care to contemplate. But the fact that that is so will not prevent it. As a matter of fact, it could well be that after such a war the human species might be found only in remote islands in the Pacific or down around Cape Horn, or somewhere like that.

Of course, I have been asked to look at the optimistic side, and there is a long-range optimistic thing about this. That is that radioactivity also causes an acceleration in evolution by mutation, and after a long period of this, after a full-scale atomic war, it might be that a more intelligent form of human being might evolve, a form of human being that could find the means of solving the problems that to us have been so insurmountable, a type of human being that could even learn to find a way whereby nations could live in peace with each other. To satisfy the hon. member who interrupted I shall quote, though I did not intend to, a more optimistic verse from the same poem:

There the common sense of most shall hold a fretful realm in awe,
And the kindly earth shall slumber, lapt in universal law.

That is desirable, no doubt, but I should like to think there is a more direct way of achieving it that we do not have; that even not we have arrived at the position where we shall learn, without having to learn the hard way, because the hard ways to learn are getting harder all the time and more destructive all the time, and the chances of survival are becoming less and less.

I would like to think that we can have some real leadership in this problem of defence, this problem of survival, and that some attention will be given to those wider aspects of the whole problem. I have avoided, and intentionally avoided, speaking about the particular problems of the minister's department at this time, but I may talk about some of them as the individual items are called. I make no apology for that, because I believe it is good once in a while to stop looking at the individual trees and stand back and try to have some conception of what the whole forest looks like. Only by that process can we meet these problems that the human race has never met before, has never been confronted with before; problems that cannot be solved by old methods, problems that require decisive action, the best brains available and concerted dedication to their solution. Only if that comes about can we hope to suggest that Tennyson was justified when he said:

> Yet I doubt not thro' the ages one increasing purpose runs,
> And the thoughts of men are widen'd with the process of the suns.

Mr. Dickey: Mr. Chairman, it is not my intention to delay the committee but I do think a number of things have been said in the debate this afternoon that call for some comment. The hon. member for Digby-Annapolis-Kings and the hon. member for Kamloops and others have spoken of the danger of our defence planning taking on the aspect of a "stockade mentality", which was the term used by the hon. member for Digby-Annapolis-Kings. This arises out of the very large expenditures and the very great and extraordinary efforts that over the past few years have gone into the construction of the radar warning lines that are now taking shape in Canada's northland.

Of course the question of one's mentality and one's approach to these things is a matter of individual responsibility, and I cannot speak for the hon. members who have expressed this view. All I can say is that I have not been able to find in anybody with whom I have discussed these things in the defence department or in the other departments of government that are dealing with them, or among the public, anything that indicates that there is any kind of a "stockade mentality". I think these early warning and other warning lines are properly understood and their function is quite reasonably well appreciated. They are what the term implies, warning lines.

The hon. members opposite who speak on matters of defence generally have some experience in one or other of the armed services, and I am sure they know and realize that in military matters the most important and the most essential thing is to know where your enemy is and what he is doing. In modern warfare, in a situation where we must foresee and where we may be faced with the possibility of aerial attack over the vast uninhabitated northern areas of Canada, I cannot imagine any other way in which the essential information of where our enemy is and to where he is going can be secured except by using these modern developments of radar and electronic communication to get that essential information.

Nobody believes that simply getting that information is any defence, any more than to pick up a spyglass and see the armada coming over the horizon in the English channel was any defence against the armada in that day. It is a matter of getting the information about your enemy's movements in the best and the quickest way possible and getting it when the enemy is as far away from his objective as is possible, and then communicating that information to the vital defence centres and taking the necessary remedial action.

If the expenditures that are being made and the very extraordinary efforts that have been put out by the contractors and the people who have been working on these lines are going to be misunderstood and represented purely as building up a Maginot line across the northern part of this country, I think a good deal of the value of these things will be wasted. I believe it would be well for all hon. members of this house to take a more realistic and more fundamental approach to these problems.

Most of the hon. members who have spoken in the debate this afternoon have, in one way or another, repeated the suggestion which has been heard so often inside this house and outside of it that there is a lack of information in this country about defence. Before we take this repeated assertion as proof we should look for a moment at the information that is available, not only to our members but to the Canadian public generally, and see just what are the facts.

First of all, the basic facts of national defence are very easily available to all hon. members and to members of the general

public. In the first place there is the annual report of the department. That is a publication which is simply crammed with facts about national defence, about the three services, about what has gone on during the year and about the general policies which are being followed by the department and the success that is being achieved in meeting the defence objectives we have set up.

Then there is the white paper which is prepared by the department and tabled in the house annually by the minister prior to consideration of the defence estimates. That is also a publication that is put out to explain the basic policies of the department, outlining the particular achievements which have been realized during the year and setting out tables showing the strength of the forces and detailed information of that kind which is thus available to the house and the public.

In connection with matters of policy within the department and of defence policy more generally in the international sphere there are statements made from time to time in the house by the Minister of National Defence, by the Secretary of State for External Affairs and by the Prime Minister which clearly set out the matters with which the department is dealing, our relations with our NATO allies, the projects that we undertake either in general association with other NATO countries or in special association either with the United States, the United Kingdom or another of our allies and related subjects of that kind.

Then concerning the question of expenditures there are 110 pages of details of the expenditures of the Department of National Defence in the public accounts this year. Every year a similar number of pages, which are very closely printed and full of facts, are contained in that document which is readily available. In the book of estimates that is before the committee at the present time there are over 40 pages of details of the expenditures which we are presently considering.

Finally, the Minister of National Defence and other ministers concerned with the more general aspects of defence are in the house every day the house is sitting and are subject to questioning by hon. members opposite.

The hon. member for Kamloops raised a question about security and the denial of information on that basis, and the hon. member for Okanagan-Revelstoke raised very briefly the same problem. It is a problem. I am sure nobody claims that any system of security can be perfect. I am equally sure no one claims it is possible by classifying a particular project or subject and saying that information relating to it cannot be published can in every case prevent information getting out into the public domain that is either helpful to potential enemies or which is capable of being helpful to them.

Surely, Mr. Chairman, all hon. members must agree that a department dealing with so many matters which are of a secret nature of which the confidential nature must be kept through some system of security, must lay down some rules which the department itself must to the best of its ability respect, not only in our own national interest but also in the light of our duty to keep faith with our allies, who share very confidential information with us in the belief that we will make a reasonable effort to see that such information is treated with the confidence it deserves. That is all that is implied in those rare and unusual cases when it is said in this house, in committee or some other place that information on a certain subject must be denied publication because of the consideration of security.

In addition to what I have already said, Mr. Chairman, it is a matter of common knowledge to everybody in the country that Canadian newspapers, newsreels and radio and television programs contain a great mass of information about our armed forces and about what is taking place in matters of defence.

Many hon. members of this house during the last few sessions alone have visited radar stations of the kind referred to by the hon. member for Kamloops, and have visited air stations and the defence centre at St. Hubert, for example. They have visited army camps, naval depots and ships as well. In other words the integral parts of our defence set-up and of the three services are open for inspection.

It may be that some particular development of a confidential nature with respect to armaments or something of that kind may have to be kept confidential, but one might say that 99 per cent of these installations are open for inspection, and the greatest facilities are given by the minister and the department for members of parliament—and at times when it can be arranged for members of the public—to visit these places and see for themselves what is going on and understand as best they can what our defence system comprises.

Let me review very briefly what are the main facts about Canadian defence that are so well known. First of all it is well known that we have an air division and an army brigade in Europe. At least 20 hon. members of this house in the last few years have visited either or both units of the air division and

the army brigade. A number of hon. gentlemen have reported on their visits in this house, and I have yet to hear any hon. member report that he was not permitted to visit freely and was not given every facility for inspecting these overseas installations to see how things were going, to talk with the officers and men involved and to see their equipment and all that sort of thing. What more could be done to disclose to the members of this house and the Canadian public what we are doing in connection with our contribution to NATO? I think very little further can be done, and I have heard no suggestions as to exactly what more could be done.

We have three army brigades and a mobile striking force in Canada; that is well known. The camps at which the army units are stationed are known not only to hon. members of this house but to the public, and many people who are interested secure access to these army installations. They see what is going on. In many cases they have friends amongst the officers and men and they receive a great deal of information. Information of this nature is freely available to every hon. member of this house. Any hon. gentleman in this house can visit these locations, as I am sure many of them have done, and if they find anything they think is wrong or anything they think is not being done in accordance with proper policy they are free to bring it up in the house, either on the estimates or as a question on orders of the day.

Then with respect to the navy, in which I am particularly interested, we have two main and substantial naval installations located in Nova Scotia and another substantial installation on the west coast. These installations are on exactly the same basis as the army installations all over the country. People who are interested in what is going on can find out. Civilians work in these places along with service personnel, and there is no lack of information about the things being achieved in the naval installations.

We have 40 fighting ships serving on both coasts. While those ships are not generally open for inspection, they are open at regular times when the public are invited to come aboard. I know that quite often hon. members when on the east or west coast take advantage of the opportunity to visit these ships, and often go on short cruises at sea.

As far as the air force is concerned, it is well known that we have nine CF-100 squadrons in Canada on an operational basis and that altogether we have more than 3,000 aircraft which are operational. The R.C.A.F. stations both at home and overseas are open in the same way as are the naval and army installations.

By reason of all this anyone who is really interested in our defence spending and policy can look around if he wishes to do so. On the basis alone of information that is so widely and generally available, any hon. member has ready access to much factual material, and if he desires additional information he can put questions or inform himself in any number of ways.

The hon. member for Digby-Annapolis-Kings repeated and supported the suggestion made by the Leader of the Opposition with respect to the type of defence committee the Leader of the Opposition now thinks should be set up by this house to look into defence matters. Of course this is based on the incorrect assumption and repeated assertion that information on defence is not readily available. I submit that that is not correct, but in any event that is the basis of the request for a committee.

The hon. member went on to explain the kind of information he would like to get through such a committee. Actually most of the information is just as easily available when the estimates are being considered as it would be in such a committee.

However, it is interesting to look at the history of these requests by the Leader of the Opposition for committees on defence. Most hon. members will remember that in 1950 after the defence program got under way as a result of the Korean war the Leader of the Opposition started to ask for a committee on defence expenditures. The presumption then was that the very large amounts of money that were being spent on defence were being spent to a large extent improperly and wastefully. So the request was made for a committee on defence expenditure.

That request was considered by the government and was granted. My understanding of the matter is that the Leader of the Opposition was consulted with respect to the terms of reference to that committee, and that as a matter of fact those terms were drawn up in what he considered to be the proper wording in order to bring about the result he wanted in connection with the examination of defence expenditures.

That committee sat during three sessions. It sat first in the short session of the fall of 1951, when it held five meetings. But even then it received a tremendous amount of information which was asked for by members of the committee. The committee was set up again at the next session, that of 1952, under the same terms of reference. It held 17 meetings and received a correspondingly

greater mass of information on defence expenditures and defence matters which I do not think has been equalled by any other committee of this house and so far as I know not equalled by a similar committee anywhere else. Then the committee was set up again in 1953, and during that session held 26 meetings.

During the three sessions the committee held a total of 48 meetings and there are three volumes of the proceedings. The first one is rather small but the other two are quite substantial indeed. The way the committee operated was to ask the opposition members on the committee what features of defence expenditure they wanted to examine, and arrangements were made to examine those features in which they were most interested. You have only to refer to the minutes of proceedings to see the steps which were taken to consult with members of the opposition as to particular features at which they wanted to look. You can follow the proceedings right through and see how they were given every possible facility to question the officials who were dealing with the particular matters that they themselves had selected.

What was the result? The result was that the opposition members did not find what they thought they were going to find. They did not turn up the kind of mismanagement of defence expenditures and extravagance and the various things which they had stated in the debate before the committees were set up they were sure were there.

Mr. Dufresne: What about the horses?

Mr. Sinclair: They did not even turn up at most of the meetings.

Mr. Dickey: The hon. member who was not in the house at the time should be the last member of the opposition who at this stage should bring up any reference to the so-called horses on the payroll which were proved to be non-existent.

Mr. Harkness: No, they were not; they were proved to be there.

Mr. Dickey: In any event I would have thought that this business of horses on the payroll would be such a sorry memory for the Tory party that its members would not dare to revive these non-existent horses. The facts that came out so clearly as a result of this defence expenditures committee was that the opposition were not looking for facts. What they were looking for were facts that would conform to their preconceived ideas of what the facts should be. When the facts were proved to be different, then they were not facts.

Mr. Harkness: A completely incorrect statement.

Mr. Dickey: No, it is not an incorrect statement.

Mr. Harkness: Completely incorrect.

Mr. Dickey: In addition to the various publications I have referred to and the long list of means which I have submitted the department takes to put facts before the house and the country, we have the three volumes of facts which were presented to this committee. The Leader of the Opposition and members of the opposition say that these are not facts. Why do they say they are not facts? Because they do not happen to agree with them. The facts as proved did not agree with what they hoped they would find.

Mr. Harkness: You are absolutely wrong.

Mr. Dickey: I submit that in reality this is the situation. Hon. members of the opposition are really searching around not for material on defence but for political material. That has been only too obvious in the past.

There has been some criticism about the armed forces in general. The point that should be emphasized in this debate is that anybody who has had occasion to look at the armed forces of Canada either at home or abroad has reported most favourably on the way in which those armed forces perform, their morale, their training and their general excellence. Some people who have made these statements—and I may say that I refer to members of this house—go on to say, in spite of this excellence that everything is wrong with the Department of National Defence. They say it is poorly organized, that the minister is not doing his job properly, that there are too many civilians hanging around, that they are not doing a good job, and direct these criticisms at the department.

How can a department which could be in any way described in the way hon. members describe the Department of National Defence possibly produce the excellent results that they admit are produced? It is the three armed services that are the real testimony to the organization of the Department of National Defence and the way the department is carrying out its purposes and its policies. I certainly am more than prepared to rest any defence that the minister and the department might need on the record of the three armed services of Canada, a record of which, I am sure, even hon. members opposite are proud.

Mr. Hahn: I promise the committee that I shall not hold them as long as the previous speaker. It is not my purpose to deal in generalities with statements made by others

in this debate. I would agree with the statements by other members of this group with regard to charges, made by respected leaders, that have gone unanswered. As the minister said today, some of them were opinions and not facts, I feel that possibly we should have these men before a special committee set up for the purpose of discussing defence so we may arrive at our own conclusions as to whether they are opinions or facts. These men could answer the charges, and we could decide for ourselves.

The question I have in mind, however, is one of which I am not too sure the minister is completely aware. It has to do with the demoralizing effect on our civil service and casual employees of the Department of National Defence who are concerned with the labour pay question on the Pacific coast. I speak more specifically of the Chilliwack area.

The question I have in mind is that of rates of pay offered by the department for certain jobs as compared with the current rates of pay effective in the Chilliwack area. I am using as an illustration the rates for a certain project that was undertaken by the Department of National Defence on September 1, 1955, as compared with the current rates of pay in the Chilliwack area for the same jobs, effective on February 15, 1956. Whilst there is a slight discrepancy in the period, the minister will recognize that there is not enough difference in time to compensate for the difference in pay.

I begin by mentioning the wages paid to carpenters in each instance. The Department of National Defence pays $2.22 per hour for carpenters employed in the Chilliwack area, and the current rate of pay in the same area is $2.22 for other employees working at carpentering. Of course these two are comparable, and this is the only instance, I may say at this time, where the wages compare in any way.

Chauffeurs and truck drivers in the Department of National Defence are paid $1.45 per hour; in Chilliwack chauffeurs and truck drivers get $1.60 per hour. Heavy equipment operators in the Department of National Defence get $1.75 per hour; others working in the same area get $2.45 per hour. Those are men employed on drag line crane and bulldozer work. The ordinary labourer in the Department of National Defence gets $1.40; the labourer not working on defence projects gets $1.60. Plumbers' and steamfitters' helpers in the Department of National Defence get $1.55, as opposed to $1.85. The plumbers and steamfitters themselves get $2.10 in the Department of National Defence; otherwise in civilian jobs they get $2.35 per hour.

[Mr. Hahn.]

Pipe layers, caulkers and solderers get $1.65. Pump operators get $1.82; that is the current rate paid in the Chilliwack area. Brush painters get $1.80 working for the Department of National Defence, as opposed to $2.16 for those working in civilian jobs. Those who work with spray guns at painting for the Department of National Defence get $1.90, as opposed to $2.26. Sheet metal workers get $2 per hour in the Department of National Defence as opposed to $2.35 in civilian jobs. Welders get $1.75 as compared with $2.

My time is limited, and I should like to finish if the committee would be kind enough to give me a few minutes more. I shall not be more than three or four minutes, you may rest assured, but I wish to point out this. The wages for carpenters in the Department of National Defence and for carpenters in civilian jobs are the same, but that is the top wage paid by the Department of National Defence for workers in that area. However, in civilian jobs, the bulldozer operator gets $2.45 as the top wage. The lowest wage paid by the Department of National Defence is $1.40 per hour, which is the wage for a common labourer, whilst in comparison truck drivers get $1.60, which is the lowest wage paid by private industry in the area.

My plea is that the rate of pay by the Department of National Defence should compare with the wages paid in the surrounding community, so we would not have this demoralizing effect upon the unions and upon the workers within the area itself. Those who are working as casual employees in the Department of National Defence are entitled to the same wages as those in other employment. I am sure the minister can understand that if his department is getting wage earners for a similar job in his department at from 20 to 30 cents per hour less than is paid in the civilian field, that is bound to have some effect upon the civilian employees as well as upon departmental employees. I think the government should set an example by maintaining wages in keeping with the wages in the communities themselves.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Campney: Tomorrow, Mr. Speaker, we shall continue with consideration of these estimates and then take those of defence production and northern affairs if they are reached.

CRIMINAL LAW

STATEMENT AS TO REPORT OF ROYAL COMMISSION RESPECTING CRIMINAL SEXUAL PSYCHOPATHS

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, I wonder if I might have leave to revert to motions in order that I might make a correction in a statement I made this morning.

Mr. Deputy Speaker: Has the minister leave to revert to motions?

Some hon. Members: Agreed.

Mr. Garson: This morning the hon. member for Wentworth (Mr. Lennard) asked me, without notice, to say how soon I thought the report of the inquiry concerning criminal sexual psychopaths would be available. In a mistaken recollection of a conversation which I had had with my deputy before my recent illness I said that majority and minority reports were being prepared in connection with this inquiry. This is not correct. It is the other commission presided over by Chief Justice McRuer in which a minority report is in course of preparation.

I think it might be helpful for me to put on the record the present standing of both these commissions. The commissioners appointed to inquire into and report upon whether the criminal law of Canada relating to the defence of insanity should be amended in any respect and, if so, in what manner and to what extent, are Chief Justice McRuer of the high court of justice of Ontario; Dr. Gustave Desrochers, assistant superintendent of St. Michel's hospital at the city of Quebec; Her Honour Judge Helen Kinnear, county court judge of the county of Haldimand, Ontario; Dr. Robert O. Jones, professor of psychiatry at Dalhousie University, Halifax; and Joseph Harris, Esquire, president of the Great-West Life Assurance Company of Winnipeg.

The draft majority report of this commission is complete. The majority report will be presented later simultaneously with a minority report which is now in the course of preparation, unless in the meanwhile the differences of opinion between the majority and the minority can be resolved. We hope that the commission's report or reports will be available this autumn.

The commissioners to inquire into and report upon the question whether the criminal law of Canada relating to criminal sexual psychopaths should be amended in any respect and, if so, in what manner and to what extent, are the aforesaid Chief Justice McRuer, Dr. Gustave Desrochers and Her Honour Judge Helen Kinnear.

The hearings of this commission have been completed and on the basis of information which my deputy secured from Chief Justice McRuer this afternoon we hope that the report of the commission will be presented this autumn, but it will not be before September 15.

It being five minutes after six o'clock the house adjourned, without question put, pursuant to standing order.

Questions

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

P.F.R.A.—FLOOD CONTROL CONSTRUCTION, SASK.

Question No. 539—**Mr. Castleden:**

What construction is proposed by P.F.R.A. for 1956 on the Saskatchewan portion of the Assiniboine river in order to control flood damage on that river in 1957?

Answer by: **Right Hon. J. G. Gardiner (Minister of Agriculture):**

Surveys are being made which may result in construction.

BLIND PENSION PAYMENTS

Question No. 547—**Mr. Follwell:**

1. What were the total payments under the blind pension legislation in each of the years 1953, 1954 and 1955 (a) in Canada; (b) in each province; (c) in the constituency of Hastings South?

2. How many recipients of blind pensions were there in each of the above years (a) in Canada; (b) in each province; (c) in the constituency of Hastings South?

Answer by: **Hon. Paul Martin (Minister of National Health and Welfare):**

1. (a) and (b). Under the Blind Persons Act the federal government pays to the provinces 75 per cent of the total blind persons payments in each province. The following figures show the federal payments to the provinces; the provincial share would be about one-third of the federal payment.

Province	1953-54	1954-55	1955-56
Alberta	$ 135,586	$ 140,148	$ 145,707
British Columbia	174,964	170,796	166,772
Manitoba	148,244	145,014	145,547
New Brunswick	263,726	256,748	258,432
Newfoundland	121,952	119,970	126,038
Nova Scotia	250,567	247,788	254,604
Ontario	602,041	607,709	609,974
Prince Edward Island	28,126	30,516	32,279
Quebec	1,057,842	1,028,750	1,036,243
Saskatchewan	125,796	132,670	135,219
Northwest Territories	4,537	5,175	6,330
Yukon Territory	720	900	1,350
Canada	$2,914,101	$2,886,184	$2,918,495

1. (c). Federal records are not maintained on a constituency basis.

2. (a) and (b).

Number of recipients of blind persons allowance as of March 31, 1956

Province	1953-54	1954-55	1955-56
Alberta	400	409	415
British Columbia	488	474	475
Manitoba	411	405	411
New Brunswick	731	706	717
Newfoundland	336	338	353
Nova Scotia	718	706	726
Ontario	1,710	1,731	1,719
Prince Edward Island	90	95	96
Quebec	2,949	2,866	2,905
Saskatchewan	366	374	389
Northwest Territories	13	16	18
Yukon Territory	2	2	6
Canada	8,214	8,122	8,230

2. (c). See answer to No. 1 (c) above.

HOUSE OF COMMONS

Thursday, July 19, 1956

The house met at eleven o'clock.

RAILWAYS, CANALS AND TELEGRAPH LINES

Ninth report of standing committee on railways, canals and telegraph lines.—Mr. McCulloch (Pictou).

ADMINISTRATION OF JUSTICE

REMISSION SERVICE—TABLING OF REPORT OF COMMITTEE

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, hon. members will find on their desks this morning, I think, at least I know I found it upon my desk, a copy of the tabled report of the committee appointed to inquire into the principles and procedures followed in the remission service of the Department of Justice. As hon. members will see, this report covers most comprehensively the subjects referred to the committee. Some of its recommendations can only be implemented under federal jurisdiction, while others can only be implemented under provincial jurisdiction. We have already instructed the officials of my department to present their views to us as to the best method of implementing those recommendations which come under our authority. After we have had an opportunity of considering the views of the justice department officials in this regard, it will probably be necessary for us to confer with the provincial governments as to how those recommendations which we will implement federally can be best integrated with any recommendations which the provinces may see fit to recommend within their sphere of authority.

[*Later:*]

On the orders of the day:

Mr. E. D. Fulton (Kamloops): Mr. Speaker, I would like to ask the Minister of Justice a question in connection with the report of the committee on remission which he has just tabled. While I appreciate what the minister said regarding the studies that have been carried on by his department I would like to ask him whether the department has yet been able to form any views with respect to the recommendation for a national parole board contained in chapter 11 of the report, and I ask that particularly because of a case which we have discussed before and which I still regard as important, the Clifford Williams case.

Mr. Garson: Mr. Speaker, I think that even a cursory examination of the Fauteux report would indicate it is so extensive and so comprehensive that any government which would attempt to reach an opinion concerning it within a short period of time from the date of its release would be unwise. Indeed I do not imagine we would be able to get a report from our departmental officials for some little time. When we do receive this departmental report, the recommendation for a national parole board to which the hon. member refers will doubtless be treated by our officials as a part of the whole and as integrated with the whole Fauteux report. We will have to consider it as such and that consideration will have to be extremely thorough, just as thorough as the report has been.

Mr. Fulton: May I ask the minister two supplementary questions? I notice that the letter of transmittal from the commissioners is dated April 30, 1956. Perhaps the minister might let us know when in fact he first received a copy of the report. Second, is the minister able to give us any further information with regard to the disposition now being made of the Clifford Williams case?

Mr. Garson: Mr. Speaker, with regard to my hon. friend's first question I am afraid I cannot remember exactly the actual date on which I received the report but it would be within a few days after the date which appears on the letter of transmission.

Mr. Fulton: You have had it, then, for two and a half months?

Mr. Garson: That is right. When we received it it was a very large mass of typewritten material and not in the form in which it appears now. The interval has been taken up by having it translated into the French language and printed; and having regard to the fact that the queen's printer has had other onerous obligations there has been some delay attributable to that fact which has contributed to the lateness of the

Fauteux report in reaching us here. We tabled it as soon as we received it from the printers.

With regard to the Clifford Williams case, I cannot do other than go over the statements which have already been made in this house to the effect that the heavy sentences—that is in toto, because they did not run concurrently—that were imposed upon Mr. Williams do not deter us in any way from granting remission of his sentence. That is to say, I think they added up to 20-odd years—

Mr. Fulton: Twenty-nine years.

Mr. Garson: Yes, 29 years. Perhaps this is a case where we would be warranted in cutting down materially the 29-year sentence. Our judgment to remit would be on the basis of imposing what seemed to us to be a fair term of imprisonment, in relation not so much to this long period of sentences as to the prospects of rehabilitation of this man when he gets out of prison. That would depend in part upon his conduct in prison.

AIR TRANSPORT

D.E.W. LINE AIR LIFT—REPRESENTATIONS BY AIRLINE PILOTS' ASSOCIATION

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Transport? My question has reference to the documentation sent to him by the Canadian airline pilots' association with respect to its earlier report on the distant early warning air lift. My question is this. Has the minister taken note of the statement made by this association that as recently as the month of May of this year a D.E.W. line carrier operated a pilot in excess of 300 hours and several other pilots in excess of 200 hours? Has the minister given consideration to the suggestion of the Canadian airline pilots' association that there should be legislation governing flight time for pilots?

Hon. George C. Marler (Minister of Transport): As hon. members know, some time ago the Canadian airline pilots' association made a report to their own members on the air lift in connection with the D.E.W. line, and after this had been published it was transmitted to my department where it received the closest study. After that study had been completed a reply was sent to the association, and I think it is a fair statement to say that the reply showed that many of the criticisms that had been expressed by the association were without foundation.

[Mr. Garson.]

This week I have received a further brief from the association, which is quite voluminous, and as it was a rather technical matter I referred it to the officials of my department for consideration. I have not read the brief myself; consequently I do not know whether the incident to which the hon. member has just referred is one that has come to the notice of my department or not. At all events, Mr. Speaker, I do not think I should come to any judgment as to the representations made by the association until my officials have read the brief and studied it carefully.

PIPE LINES

TRANS-CANADA PIPE LINES—INQUIRY AS TO AVAILABILITY OF PIPE

On the orders of the day:

Mr. George H. Hees (Broadview): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce. Has Trans-Canada Pipe Lines Limited sufficient 34-inch pipe on hand and on order, guaranteed for delivery during the summer and fall, to enable it to complete the line to Winnipeg by December 15?

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, the answer is yes, but naturally the guarantee is subject to *force majeure*, and a strike constitutes *force majeure;* therefore the guarantees under the contract for pipe will be subject to such delays as occur through the strike.

Mr. J. G. Diefenbaker (Prince Albert): If I may ask a supplementary question, did the minister not tell the house during the progress of the pipe-line debate that one of the reasons that Trans-Canada was the preferred instrument was that it had available and ready to be delivered the 34-inch pipe?

Mr. Howe (Port Arthur): Mr. Speaker, perhaps the hon. member will find the reference in *Hansard* and quote me on that subject. I did not say that. I said the Trans-Canada company had the pipe; in other words, they had part of the requirement for pipe manufactured and other pipe on order. If my hon. friend had any conception of how much territory it would take to pile up 650 miles of 34-inch pipe he would not jump to the conclusion that all the pipe was already manufactured and piled up. A fair amount of it was then manufactured.

Mr. Diefenbaker: The minister said it was ready. Was that just a pipe-dream?

Mr. Howe (Port Arthur): The hon. member has made his statement. Will he please look up *Hansard* and find the quotation?

Mr. Diefenbaker: Look it up yourself; you made the statement.

Mr. Daniel McIvor (Fort William): Mr. Speaker, I should like to ask the minister a supplementary question. I understood members of the opposition to say when the debate was on that there were several companies in Canada that could make this pipe. Now is the time for them to do it.

CANADIAN BROADCASTING CORPORATION

INQUIRY AS TO BROADCASTING GOVERNMENT "FAIRY TALES"

On the orders of the day:

Mr. W. M. Hamilton (Notre Dame de Grace): Mr. Speaker, I have a question for the Minister of National Revenue. In view of the fact that the Canadian Broadcasting Corporation is to give television coverage to the incredible sea serpent Ogopogo of Kelowna, British Columbia, will the corporation consider broadcasting some of the other fairy tales which the government has attempted to publicize about its own activities?

Mr. O. L. Jones (Okanagan Boundary): Mr. Speaker, with reference to the question just asked concerning the Ogopogo, I would like to point out that hundreds of citizens of reliable character have vouched that they have seen the Ogopogo—

Mr. Hamilton (Notre Dame de Grace): That is why I called it incredible and not mythical.

Mr. Jones:—and I resent the suggestion that it is mythical.

An hon. Member: What time of day did they see it?

FREIGHT RATES

LUMBER—INQUIRY AS TO PROTEST AGAINST INCREASES

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I should like to address a question to the Minister of Transport. Has the minister received any protests from the lumber industry of British Columbia with respect to certain unsound and illogical rate increases applied by the railway companies recently?

Hon. George C. Marler (Minister of Transport): Mr. Speaker, I will not accept the adjectives which the hon. gentleman has just used with regard to the rates.

I have received recently no representations from the British Columbia lumber industry although some were made some time ago when a hearing was held in connection with a proposed increase in rates on lumber. My understanding is that the board of transport commissioners recently rendered a judgment in that matter and since then I have received no representations. And, I might say at the same time, I have received no particular commendation of the increase.

Mr. T. S. Barnett (Comox-Alberni): Mr. Speaker, I should like to ask the Minister of Transport a supplementary question following the question asked by the hon. member for Kootenay West. Will the minister look into the report that the change in the freight rate structure on British Columbia lumber moving eastward has resulted in an increase from 3 cents to 6 cents per hundred pounds in the differential on lumber from Vancouver island mills and that this is a disproportionate increase to that on lumber from other points?

Mr. Marler: I shall take note of what the hon. gentleman has said and examine the record to see whether consideration should be given to the matter.

POST OFFICE DEPARTMENT

TEESWATER, ONT.—CONSTRUCTION OF NEW POST OFFICE

On the orders of the day:

Mr. Maurice Bourget (Parliamentary Assistant to the Minister of Public Works): Mr. Speaker, yesterday the hon. member for Bruce (Mr. Robinson) asked a question about the new post office at Teeswater, Ontario. In reply I may say that the plans and specifications for this building will be completed next week and it is expected that tenders will be invited early in August.

(Translation):

HOUSE OF COMMONS

REFERENCE TO ALLEGED MODIFICATION OF "HANSARD" OF JULY 16

On the orders of the day:

Mr. Alexis Caron (Hull): Mr. Speaker, on going over the official report of yesterday's proceedings, I note that the hon. member for Quebec West (Mr. Dufresne) attempted to make a mountain out of a molehill. In fact, it seems to me to be a case of an elephant in labour bringing forth a mouse.

When speaking to the resolution on federal-provincial fiscal relations last Monday, I spoke extemporaneously. The hon. member, who was not present, as so often happens with him, but that is his business—

Mr. J. Wilfrid Dufresne (Quebec West): I can read, though.

Mr. Caron: Well, if he can read, I will have occasion to talk to him about that in a moment.

I spoke extemporaneously, then, and I was convinced I had spoken of distributive justice. Still I am told that the newspapers mentioned "charitable gifts". I am prepared to admit that the press was not mistaken and that it accepted the words I had spoken.

When the reporters' first copy reaches us, we are entitled to make changes, not of substance but of form, a practice which has been followed by practically all members of the house, especially those of the opposition. It may be that I had the opportunity of making this change, in the belief that it was a more appropriate expression under the circumstances. If my hon. friend had had a better knowledge of French, he would have realized that there is only a shade of meaning between the words "charitable gifts" and "distributive justice", as used. Besides, distributive justice, properly so called, is an act of justice whereby God rewards good and punishes evil. By extension it is an act of justice meted out with charity. The word charity means "love of God and neighbour", a concept which seems unknown to the hon. member for Quebec West. In a wider sense—

Mr. Dufresne: Mr. Speaker, I rise on a question of privilege.

The hon. member for Hull is of course entitled to answer the charge I made yesterday that he had made an unqualified change in *Hansard*. However I deny him the right to make the statements he just made, especially when they reflect on my character. The hon. member has no right to bring accusations against me in a devious and so contemptible manner, and I ask him to withdraw at once.

Mr. Speaker: I believe the hon. member for Quebec West is right, up to a point, when the hon. member for Hull, while speaking on the definition of the word charity, adds that apparently the hon. member for Quebec West does not know what charity means. In explaining his attitude on the point raised by the hon. member for Quebec West he may plead his own case, but he should not go beyond what is necessary for the purpose of his argument.

Mr. Dufresne: He has strayed rather far afield.

Mr. Caron: I recognize that the member for Quebec West understands charity—

Mr. Dufresne: And practises it.

Mr. Caron:—and that a reference to charity implies, in a wider sense, an act inspired by love of neighbour, an act of kindness, of assistance towards those in need. As you can see—

An hon. Member: He is in need of it.

Mr. Caron: As you can see, Mr. Speaker, there is only a slight shade of meaning and, if I were Cyrano de Bergerac, I would say that if the hon. gentleman had had more wit and a greater knowledge of the humanities he would not have set up this tempest in a teapot.

Mr. Dufresne: Mr. Speaker, first I would ask the hon. member for Hull to be good enough to withdraw his last words to the effect that I lack wit. I surely have as much as he has.

At the beginning of his remarks, the hon. member stated that he had been speaking extemporaneously. He did, and so much so that he was talking nonsense; that was precisely the burden of the reproach I addressed to him yesterday in the house. He made a statement which was taken down by the able reporters of the house and which was also reported by parliamentary correspondents.

Mr. Caron: Mr. Speaker, if this matter is up for debate, I claim the right to answer the hon. member for Quebec West.

Mr. Dufresne: Mr. Speaker, I was saying that the statement made by the hon. member for Hull was reported by parliamentary correspondents, and I maintain that I am sufficiently conversant with the French language—even if the hon. member for Hull does not think so—to appreciate the difference between "distributive justice" and "charitable gifts". I therefore maintain the charge I made yesterday and I feel bound to demand that the words actually used—

(Text):

Some hon. Members: Order.

Mr. Speaker: Order. Would hon. members be kind enough to allow the hon. member for Quebec West to conclude his sentence?

(Translation):

Mr. Dufresne: So I am simply asking—as I believe it to be my duty under the circumstances—for leave to demand from the hon. member for Hull that the very words he used in this house be written into the record exactly as they were spoken.

Mr. Speaker: It seems to be merely a matter of interpretation.

The hon. member for Quebec West is asking that the hon. member for Hull refrain from rectifying an expression he thought he had used when speaking in this house. Today, at the request of the hon. member for Quebec West, the representative for Hull explained the position. Apparently, the representative for Quebec West does not accept it. Therefore, if this is an infringement of

the privileges of the house, the hon. member has only to propose the necessary motions to the effect that the matter be referred to the committee on privileges and elections.

(Text):

COMMONWEALTH CONFERENCE

SUGGESTED ROYAL COMMISSION OR CONFERENCE ON ECONOMICS

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): I should like to ask the Prime Minister what attitude the Canadian government would take in general to the proposal now being considered in Britain for the calling of a British commonwealth economic conference or royal commission similar to the Gordon royal commission so that the economic wealth and potential resources of the commonwealth might be considered in the same way as they have been nationally in the Gordon commission, to the end that the communist economic world offensive might be more effectively met. What would be the attitude of the government to the setting up of such a royal commission?

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, the attitude of the government will be to consider any proposal that comes forth but not to declare in advance in a hypothetical case what its attitude might be should the hypothesis be realized.

Mr. Diefenbaker: That is indefinite enough.

PENSIONS

INQUIRY AS TO GENERAL INCREASE AT PRESENT SESSION

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question either to the Prime Minister or to the Minister of National Health and Welfare. Is the government aware of the growing demand in the country for an increase in the amount of the pensions paid under federal legislation? Will something be done about this matter at this session?

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, the government is aware that there are a great many demands which the amounts that can be raised through taxation are insufficient to satisfy. The government has no intention of introducing at this session any general legislation to increase the amount of pensions that are paid from the federal treasury.

SUPPLY

The house in committee of supply, Mr. Robinson (Simcoe East) in the chair.

DEPARTMENT OF NATIONAL DEFENCE

Defence services—

235. To provide for the Canadian forces, the defence research board and other expenditures relating to defence, including contributions toward the military costs of the North Atlantic Treaty Organization; to authorize expenditures in the current year out of the amount hereby provided, not exceeding $143,000,000, under the provisions of section 3 of the Defence Appropriation Act, 1950, and to provide that, notwithstanding subsection (3) of that section, where equipment or supplies are transferred, the estimated present value thereof shall be credited to this vote instead of being paid into the special account mentioned in the said subsection (3), and when so credited may be expended for the purposes of the Canadian forces; and notwithstanding section 30 of the Financial Administration Act to authorize total commitments for the foregoing purposes of $3,470,423,461 regardless of the year in which such commitments will come in course of payment (of which it is estimated that $1,675,484,744 will come due for payment in future years), $1,722,797,717.

(Translation):

Mr. Dufresne: Mr. Chairman, I have no intention of unduly delaying the debate on the estimates of the Department of National Defence. However, I believe it is important at this time that I make a few observations and suggestions first in the interest of the department, and also in the interest of all those who take part in its formation.

When we look at the various items which make up these estimates, we realize, Mr. Chairman, that what has happened this year is exactly the same thing which we have criticized last year. Last year we requested a substantial reduction in the amounts earmarked for national defence whose estimates make up nearly half the total budget of Canada. It seems that our requests and protests have not been heeded because this year we find in the estimates exactly the same amount as last year. There have been some changes here and there, and a few amounts have been changed, some decreased, others increased, but when you look at the total amount for the Department of National Defence, you come to the conclusion that it is exactly the same as the amounts submitted to the house last year.

In other words, the national defence budget which is submitted to us this year is exactly the same as that submitted last year. I therefore come to the conclusion, Mr. Chairman, that it is an insult to the intelligence of Canadians and to the intelligence of the taxpayers. There have been no efforts to lower expenditures and to put an end to waste and extravagance, while various other countries of the free world were making some effort to

lower their expenditures on national defence and thereby alleviate the burden of their taxpayers. Surely, here in Canada, no way has yet been found to cut down on administrative expenditure, especially not in this department. England is reducing her budget. So are the United States. Other countries, which I will not mention, have done likewise.

I wonder, Mr. Chairman, why Canada should not strive to reduce expenses to an amount much lower than that submitted to us last year and again this year. I recognize, Mr. Chairman, that we still have to face a potential enemy, who has no respect for peace nor freedom. I understand that we must remain on guard because of the behaviour of those conquerors from the Soviet union. But I believe that on looking at the international situation, as it is now and as it has been for some time already, we come to the conclusion that we are now engaged in a cold war, one still wanted by Russia, but which is waged on an economical basis. That is their change of attitude. It seems that Russia is trying today by all possible means to control the economic field and to invade markets hitherto under the exclusive control of democratic countries.

I would therefore urge, Mr. Chairman, that for the balance of this year and before the next estimates are tabled, an effort be made to reduce to some extent the expenditures of this department and, at the same time, as I have said, to lighten the Canadian taxpayer's burden, which is already too heavy.

I would go even further and suggest that an inquiry should be made as a result of the statement of General Guy Simonds and those of other high-ranking Canadian soldiers who are glad, today, to have recovered their freedom because it allows them to express their opinions. Even though this request was turned down in the house, the other day, I believe that an inquiry is urgently needed, so that the various military men who have occupied key posts at the head of our armed forces may testify and thereby throw some light on the various accusations and statements made since they left the Canadian Army.

National defence, Mr. Chairman, must not come to mean national expense. National defence must not be for the Canadian taxpayers a highway to ruin.

More than ever, the time has come when those who have to pay for the upkeep of this enormous defence budget should know exactly what use is being made of their taxes by this important department. At this point, Mr. Chairman, and in the light of the damning evidence of those who leave the services to reenter civilian life, it would seem that inefficiency, extravagance and waste are constantly on the increase throughout the department whose estimates are now under review.

I would like, in a few words, to give two examples. About two months ago, I had the privilege to take part on the C.B.C. French network, in a television program entitled "Les idées en marche", where questions of national defence were being discussed. The topic we had to deal with on that particular program was whether our national defence was costing too much.

I do not wish to repeat what was said, one way or the other, on that program but I would point out that, at that time, I dealt with a particular point which, I believe, I should again bring up this morning.

Everyone of us knows that, in the province of Quebec, especially at Sorel, guns are being manufactured for the American as well as for the Canadian navy. It seems however—those are not my own conclusions but they are based on a report submitted to the cabinet by none other than Mr. Watson Sellar, Auditor General of Canada—that guns made in this country are costing Canada $112,000 more per unit than those exported to the United States.

Well, Mr. Chairman, it will be said, I know, that the planning, the assembly, the machinery, and some of the engineers who were responsible for the development of that unquestionably very useful gun, came from the other side of the 45th parallel.

I also realize that our neighbours to the south were doubtless put to some expense in getting this production under way. However, what is beyond my understanding is that the cost has been so heavy that Canada has had to pay $112,000 more per gun produced at home.

Let us imagine what this would amount to if, within a few years, hundreds, not to say thousands, of guns were so produced.

I believe—I am sure that this opinion is shared by all hon. members of this house—that it is a bit ridiculous to have to pay so high a price for something produced in this country when we are able to sell that same product to other countries, to our very neighbour, at a price which, in my estimation, is about a third, or 33⅓ per cent cheaper.

I hope, Mr. Chairman, that inquiry will also be made into the production of these guns and that the department will give it all the attention it deserves so as to bring some measure of relief to the burdened Canadian taxpayer who has to foot all the bills.

(Text):

Mr. Dickey: If the hon. member will permit me, on a point of order, might I suggest that this subject with which he is now dealing is really principally a matter for defence production, and I think he would get a more satisfactory discussion of it on the estimates of the Department of Defence Production. So far as an examination of the matter is concerned, I presume he understands that this transaction has already been examined during this session in the committee on public accounts.

Mr. Dufresne: Mr. Chairman, the parliamentary assistant to the Minister of Defence Production raises the question of a point of order, saying that it would be more appropriate to deal with this question on the defence production estimates. I hope he does not forget that if the Department of Defence Production is looking after the fabrication of these guns, nobody else but the Department of National Defence buys them and we are now dealing with the estimates of the Department of National Defence. Therefore I think I am quite in order in speaking on the matter now. Nevertheless, that is all I have to say and I am concluding my remarks on this very subject.

(Translation):

Mr. Chairman, there is another matter which I would like to bring to the attention of the house. There is a great deal of talk about reducing the budget. I have mentioned that fact today. Now, when I speak about reducing expenses, I am by no means suggesting that it should be done in such a way as to endanger our security. On the contrary, we are merely trying to impress upon the government the necessity of controlling expenditures very closely so as to prevent extravagance and useless spending.

My hon. friend the senior member for Halifax (Mr. Dickey), following an interjection of mine, referred to the Petawawa horses which I understand were carried on the payroll at that time, as was well demonstrated by the Currie report.

However, if there were horses on the Petawawa paylists, we, in Quebec, have a billy-goat on the paylists. The Royal 22nd Regiment at the citadel has a mascot which is nothing more or less than a billy-goat. Some say it is in fact a nanny, but I have not carried my investigation that far. I cannot say whether it's a he or she-goat.

Mr. Villeneuve: Can our hon. friend tell us whether this mascot draws any pay?

Mr. Gauthier (Portneuf): He does not seem to know.

Mr. Dufresne: The hon. member for Portneuf is not prepared to deny its existence, however.

Mr. Villeneuve: The mascot draws no pay.

Mr. Dufresne: Mr. Chairman, I say that there is at the Quebec citadel a mascot, which is a billy-goat—

Mr. Villeneuve: Or a nanny-goat.

Mr. Dufresne: —and for which the Department of National Defence has caused to be built a private residence or headquarters at a cost of something like $1,500. To this billy-goat are attached some military personnel, a corporal and two privates who are obviously not paid by the billy-goat, but by the Department of National Defence.

(Text):

Mr. Lesage: The hon. member is now making a goat of himself.

Mr. Dufresne: If the minister will look at himself in the mirror I think he will see two goats.

Mr. Lesage: And he might regret it.

Mr. Dufresne: He might look like two goats.

The Deputy Chairman: Order. I am going to suggest to both hon. members that we are not discussing agriculture or animals; we are discussing defence estimates.

Mr. Dufresne: Mr. Chairman, I think I will put you on the right track right now and tell you exactly what I was discussing when I was speaking. A couple of years ago we spoke about horses on the payroll in the Department of National Defence. I am now speaking about a goat on the payroll of the Quebec citadel. It has nothing to do with agriculture. I will not discuss agriculture here because I do not think I have the competence to do so.

(Translation):

Mr. Chairman, I come back to that expense which, it seems to me, is ridiculous, preposterous, unnecessary. Here are three servicemen whose sole duty is to look after a billy-goat. The corporal probably orders the two soldiers to curry it down in the morning, to wash it, to tidy up its headquarters and to summon the vet when required.

Mr. Chairman, to my mind, that amounts to downright waste.

Waste might seem funny to some hon. members but, after all, we must remember that the Canadian taxpayers are footing the bill for this waste, and that is why I protest at this time against this condition.

For those few reasons, Mr. Chairman, I repeat that a serious inquiry is absolutely necessary and that it should be carried out by people who, by no manner of means, would be interested in protecting those who are guilty of that waste of public moneys.

Coming back to my billy-goat, Mr. Chairman, there are sometimes complaints in the Quebec district that the advertisements appearing in the papers and inviting our fellow-citizens to enlist in the armed forces do not give the expected results. However, when a young man eager to make a career in the Canadian army, or wishing to spend some time in the army to learn a trade that will help him to earn a decent living later on, in business or industry, is told by the senior officer of the recruiting office that his work from now on will consist in looking after billy-goats, I do not think that that is one of the best ways to prepare his future.

That again, Mr. Chairman, is one of the serious reasons why that waste must be prevented. Instead of spending money on the upkeep of a mascot, of a billy-goat, it might have been better to keep in the reserve army some regiments that have brought glory to the whole of Canada in the past, and perhaps particularly to French Canada, such as the Quebec, Levis and Montmagny regiments, reserve regiments which were the pride of our district.

Mr. Chairman, I have another matter to bring to the attention of the Minister of National Defence (Mr. Campney). Quite often people complain, and possibly not without cause, that French-speaking Canadians do not care for positions that might be offered to them in the Canadian army, in the military profession. However French-speaking Canadians should get more attention from the department. Like Canadians of other racial origins, they are known for their ability, their efficiency, their loyalty, and most of them have one great qualification which is not to be found among their neighbours: they are thoroughly bilingual. There should be a higher percentage of French Canadians in high and responsible positions, and occupying ranks in keeping with those important positions.

If a new war were to break out there is no doubt that the services of a large number of well trained French-speaking officers would be needed and necessary. Their contribution would be, as in the past, most welcome. To promote the enlistment of French-speaking Canadians we should promise them a fair deal and positions in keeping with their ability and their efficiency. That, I think, might be a still more concrete way of cementing national unity in Canada, that unity which is essential to harmony and good understanding between Canadians of different racial origins.

Mr. Chairman, before I sit down, may I suggest to the minister that, when there is a transfer from one military camp to another, an effort should be made, especially when the training laid down for the different French-speaking soldiers or servicemen is over, to send these people back to the locality they came from or, at least, to some place not too far removed from their homes.

I realize that when French-speaking Canadians from the province of Quebec are sent into Ontario, for instance, or to a western province, it is done with the best of intentions; it is a tremendous help to bilingualism, which is becoming extremely and increasingly important in Canada. The government is also to be congratulated for taking English-speaking people and moving them, in due time, to the old province of Quebec, so as to enable them to learn our mother tongue.

Yet, Mr. Chairman, when these people have stayed for a time in any province not their own, it would seem right to take the necessary steps to maintain a family spirit which is mainly to be found in our home province, so that it may actively survive.

I therefore ask the government to provide for the return of those servicemen nearer to their homes when they have completed their training.

Those are the few remarks I wanted to submit, Mr. Chairman. I hope they will be taken in the right spirit, because my sole

purpose in making them was to fulfil the task assigned to me and make an effort to ease the ever-growing fiscal load which the Canadian taxpayer has to carry.

Mr. Boisvert: Will the hon. member allow a question?

Mr. Dufresne: Certainly.

Mr. Boisvert: Could the hon. member tell me the name of the billy goat, what wages it is getting and where, in the public accounts, we could find evidence of his statement that a billy goat is on the army pay roll?

Mr. Dufresne: Mr. Chairman, my hon. friend from Nicolet-Yamaska wants to know if I can tell him the name of the billy goat. Well I must say I was not present at the baptism of the goat; I was not invited—

Mr. Villeneuve: If it is on the payroll, it must have a name.

Mr. Dufresne: My hon. friend from Roberval might inquire from the authorities and the man who baptized it. I was not there, nobody invited me.

Mr. Villeneuve: Neither was I.

Mr. Dufresne: Secondly, the hon. member for Nicolet-Yamaska wishes to know what pay the goat is getting.

Mr. Boisvert: Yes, the wages it gets.

Mr. Dufresne: The wages it gets? Well my hon. friend knows very well that those things are not to be found in the public accounts, because the matter would now be too widely known of the public, and I do think that it would not be in the interest of the government that such scandals be given too much publicity. Therefore the amount of the allowance granted to the goat in question is surely nowhere to be found in the public accounts.

Now, if my hon. friend from Nicolet-Yamaska is free some week end, he might go to the citadel and find out for himself how much it costs to keep that billy goat.

Mr. Boisvert: Mr. Chairman, I put that question because my learned friend had stated that the said goat was getting wages, at the expense of the army, and was listed on its pay roll. Therefore, the proof of it must be somewhere. If my hon. friend has no evidence to produce, I am taking his word for it.

Mr. Dufresne: I simply maintain that monthly or periodical amounts are spent for the upkeep of the goat and the maintenance of the goat's headquarters.

Mr. Villeneuve: May I address a question to the hon. member?

Mr. Dufresne: That is always possible.

Mr. Villeneuve: He referred to three members of the army personnel who were looking after the goat. Can the hon. member for Quebec West tell us if those three men look after the goat as a full-time job or only on occasion?

Mr. Dufresne: The goat needs constant attendance, so the three army men I mentioned are especially attached to the goat. I shall even tell my hon. friend that one morning last fall, one of the goat-keepers arrived somewhat out of temper, and bullied the beast a bit. He was disciplined. I don't know and I would not care to say to what extent he was disciplined for handling his nibs somewhat roughly.

Mr. Villeneuve: Could you name the soldier concerned?

Mr. Dufresne: Well, as my friend from Roberval is on the government side, he might ask the Minister of Justice (Mr. Garson) to have a mounted police look into the matter, so as to supply my hon. friend with any names he requires.

(Text):

Mr. Hamilton (York West): Maybe the parliamentary assistant could answer.

Mr. Hellyer: There are now so many questions I would not know which ones to answer.

Mr. Herridge: Mr. Chairman, a number of widows and mothers in Canada who have lost their loved ones in the armed services were extremely disturbed by a press dispatch of July 7 which was forwarded by Mr. Dave McIntosh, Canadian Press staff writer in Germany. I might say that several of these women have asked me to bring this matter to the attention of the house. The press dispatch reads as follows:

Kurt Meyer now Beer Salesman—

German SS. Major General Kurt Meyer once sentenced to death for responsibility in the mass shooting of 18 Canadian prisoners of war, now sells beer to the Canadian army.

Army sources here disclose that Meyer, who spent 9½ years in jail as a war criminal, is a beer salesman in the province of Westphalia in West Germany, where the 2nd Canadian Infantry Brigade is stationed.

As a salesman for a reputable brewery he often calls at brigade messes to make beer sales.

One army informant said Meyer is accorded the same privileges as any other beer salesman. However, he is not invited to join officers in a drink in the mess—

That is very thoughtful.

—and as a rule he talks only with the messing officer.

The army decided not to bar Meyer from the brigade area. As far as the Canadian army is concerned, the source said Meyer has served out his prescribed sentence as a war criminal, and is a German civilian who happens to sell beer.

Meyer was convicted December 28, 1945, of inciting his troops to deny quarter to allied soldiers in the battle of Normandy, and of responsibility in the execution of 18 Canadian soldiers who had been taken prisoner.

I think anyone who doubts his responsibility has only to read the book "The Trial of Kurt Meyer" by Lieutenant Colonel B. J. S. Macdonald, O.B.E., Q.C., who was the official prosecutor of war trials on behalf of the Canadian government.

We know this man has served his sentence, but that does not alter the situation and I think we have to consider the sensibilities and feelings of the mothers and widows of Canadian veterans before we consider the sensibilities of a former war criminal. I bring this to the minister's attention because I have spoken to a number of people who are quite concerned about it and I would ask him if he would issue instructions to the commander of our brigade in Germany to have some other beer salesman deal with the Canadian army rather than Kurt Meyer.

Mr. Blackmore: Mr. Chairman, in the minister's fine survey of the debate which had occurred previously and which he made yesterday he referred to the remarks which had been made by various members of this house, including those by the hon. member for York West. One strange thing about the minister's reply to the speech of the hon. member for York West was that he disregarded completely quotations placed on the record by the hon. member for York West from an article by Lieutenant General Guy Simonds. I think what the Minister of National Defence might have done on that occasion was to deal with the various charges. Of course he might say that those charges were not made by a member of this house and consequently he was not called upon to answer them. I grant that such a reply would be a palliative but it would not constitute a really satisfactory reply.

May I refer again to the quotations which the hon. member for York West put on the record and which were taken from *Maclean's* magazine of June 23, 1956. As I say, the article is by Lieutenant General Guy Simonds, C.B., C.B.E., D.S.O., C.D., which I think would be enough to qualify any man. I quote from the article:

Our organization for higher direction is designed, and operates to provide military excuses for political expedients rather than offering objective military advice and sound execution of realistic planning.

That to my mind is a very serious condemnation of the Department of National Defence. I am not saying that the present minister should assume full responsibility for that—he could not possibly do so—but it is the Department of National Defence as it now stands. I quote further from this article so the people in the country may know what this man is saying:

Whatever the intention in the minds of its designers, it is the opinion of the author that this expensive overhead is not evolving sound and objective defence policies.

Because of this cumbersome system of direction, the responsible military chiefs of the three armed services are denied an opportunity to confront those responsible for political decisions with objective military advice and alternatives upon which decision must be made. Senior civil servants can, by deliberate and unwarranted stalling, defeat the recommendations of the armed forces, even though those recommendations have been approved by the cabinet.

That is dreadfully serious.

The organization of the defence department as a whole is cumbersome and lacks flexibility. To operate effectively in a major crisis it would have to undergo radical changes which would paralyse efficient operation at a time when it should develop its highest efficiency.

The whole passage fills me with the deepest concern. Let me revert to that one sentence concerning which I made an interpolation.

Senior civil servants can, by deliberate and unwarranted stalling, defeat the recommendations of the armed forces, even though those recommendations have been approved by the cabinet.

There comes to my mind a most serious instance which occurred in the United States in 1948. Chiang Kai-shek was faced with his last chance of effectively throwing back his foes. In April 1948 the United States congress passed the China aid act of 1948 which provided for $1,250,000 worth of small arms and ammunition to be delivered to Chiang Kai-shek. The government of the United States were unable to check on whether those goods had been delivered until late in the year when on November 9, after all possible chance of using that China aid in throwing back the communist foe and stabilizing Chiang Kai-shek's position in China had passed, it was found that that material had not yet been delivered.

That indicates a most serious situation in the United States government, and from this

evidence right here it looks as though a somewhat analogous situation obtains in the government of Canada, especially in the Department of National Defence. No one in this house with any responsibility can pass by such a situation, and it becomes my duty, in spite of every kind of disinclination I may have to interfere in matters pertaining to defence in connection with which I have never had any experience except through my sons and brothers in world war II, to raise this matter and urge upon the minister the most serious consideration.

I should like to read to hon. members a statement which covers the whole continent of North America and the western world. This is another statement which cannot be disregarded. It is made by Dr. Louis F. Budenz, who is probably the greatest authority on communism and the communist high command on the American continent. At one time he was editor of the *Daily Worker* but he repented of his ways as a communist and became of great assistance to the United States in its effort to deal with the terrible situation which has developed and which threatens to drag the United States to utter destruction, and all the rest of us along with it. The publication in which this appeared is dated June, 1956, and the article reads:

> Speaking before the Loyola College alumni association in Montreal recently, Dr. Budenz referred to peaceful co-existence as instalment plan suicide, stating:
>
> "Unless those who are in charge of the governments of the so-called western world are able, very shortly, to turn back the course of the past 20 tragic years in our international history, we are writing the downfall of the entire non-Soviet governments. We are writing the second chapter in the achievement of the world Soviet dictatorship with the hammer and sickle over Ottawa and Washington before the next generation has expired."

Before the babies now being born get out of high school.

> Describing the west's catastrophic losses in the cold war, Dr. Budenz warned "that some of the greatest victories of the Kremlin were won in the western world . . . Poland was not lost in Poland, it was lost in Washington, D.C., and at Yalta."

That is all I shall quote from a most terrifying article called "Instalment Plan Suicide". I am sure that every person who listens to that or reads that will realize that we are in one of the critical periods in the whole world's history. It affects us here and now, and particularly it affects our Department of National Defence which is charged with the responsibility of protecting us against the very evils which Dr. Budenz says are just rolling in upon us.

I have another document, and I think everybody in this house has a right to hear some excerpts from this document. It is the June 15, 1956, issue of what is called the Economic Council Letter, published in the United States. The heading is "Shall Other Nations Tell us What to Do?" Some may ask, "Why bring in things about the United States?" It is quite clear that we are bound up with the United States inextricably in our defence, and consequently what affects them affects us immediately. Here are some quotations from that letter:

> But in the past 40 years we have forgotten George Washington—have engaged in three foreign wars, no one of which had anything to do with vital American interests. Communism had to do with all those wars—and was the only victor.

That is just as true of Canada except for the fact that our vital interests were more eminently concerned because we were part of the British Empire. Another quotation:

> We are faced in the near future with utter disaster—unless we resume control of our own destiny.
>
> In 1945 American military materiel, estimated at 35 billions, was surreptitiously destroyed—a fact almost never referred to in press or radio. A dying President at Yalta ceded Soviet Russia large areas in Asia; and presently, through machinations in our state department, all China was lost to communism.

When the minister introduced his defence estimates he said something which this rather contradicts:

> After three years of war in Korea, during which 30,000 American youth laid down their lives, and while our state department connived with the enemy, we made an ignominious peace. That peace lost face for America throughout Asia. It may lead to the communizing of all Asia.
>
> In Germany we joined Russia in dismantling manufacturing plants, many of which were shipped to Russia, . . .

I hope that Canada had very little to do with this disastrous occurrence. From my own personal study, I can vouch for the truth of all of these statements made here, as far as I have been able to find the truth. This is another quotation:

> President Truman forced the United Nations to partition Palestine—which lost us the good will of 400 million Moslems. At the present moment, barring a miracle, this will lead to the loss of the Middle East with its vast oil deposits, and the entry of Soviet influence into Africa. In Spain in 1946, we joined Soviet Russia in withdrawing ambassadors, thus isolating Spain.

I am not sure what we did in Canada, but that is what the United States did. Again:

> Let's take a look at certain things in the United States. The same element that for a dozen years has made our foreign policy, in 1945 set up the United Nations. The American people weren't told then that the U.N. was to become a supergovernment, and was to shape our foreign policy. But that is just what has happened—at least so far as those behind the U.N. have been able to make it so.

I believe that is absolutely true.

No longer is the stress in most schools, colleges and universities laid on loyalty to America: it is loyalty to internationalism, represented by the U.N. and its specialized agencies, that is preached. Literally millions of persons, especially students, are brought to New York and shepherded through the U.N. buildings. Our great national holiday, the fourth of July, is played down and United Nations Day is played up. Some of the big foundations are in on this.

I think a good many members of this house will reflect with considerable concern on the fact that in Ottawa on July 1, our great national holiday, you would have hardly thought that it was any different from, say, March 1, judging from the decorations that we had.

An hon. Member: Why March 1?

Mr. Blackmore: Well, March 1 is a date quite a long way away from it. Where were the bands that might have performed? Where were the decorations along the streets? Where was the celebration we saw in our childhood every time Dominion day came along? That celebration just was not there. Why? Because it is the day of the United Nations that we are celebrating. You can see that what is being said here applies to Canada in no small degree. Let me give another quotation:

. . . the internationalists set up GATT (general agreement on tariffs and trade), which has functioned without any authority from Congress. The present administration is now trying to pass the OTC (organization for trade co-operation) bill, which would constitute a back-door recognition and officializing of GATT. So far has alien propaganda gone, that efforts by the economic council to interest manufacturing associations in certain states to protest against OTC have disclosed that some of the larger manufacturers in those states are in favour of it. So gradually the United States is losing trade to cheap foreign competitors. A wage of $1.76 an hour (the average American factory wage) cannot compete with 15-cent labour in Japan.

Pro-communist activity is being supported through the churches. Dr. J. B. Matthews stated that in 1952 three per cent of the Protestant ministers in the United States were members of communist fronts. So the left-wing press and radio saw that he was retired as director of research of the Senate permanent subcommittee on investigations.

The left wing press and radio—with whom behind them?—saw that he was retired as director of research of the Senate permanent subcommittee on investigations.

Here is another quotation:

Implanted right in the center of New York city is the U.N. headquarters. Many of those employed there by other nations are communist sympathizers; yet they have diplomatic status. They come and go in the United States as they please. They can even park their cars in violation of traffic regulations and thumb their noses at the police—and they do. . . .

[Mr. Blackmore.]

The softened attitude of the administration, beginning with the Geneva conference a year ago, has cost us friendship and respect throughout the world. The Russian leaders after Geneva saw to it that iron curtain peoples understood they no longer had any hope of rescue by the United States. Had not Khrushchev, Bulganin and Eisenhower drunk vodka together—and martinis?

What a terrible blunder Geneva was. You may ask what this has to do with defence. It has everything to do with defence, because if we are selling this country down the river by the back door what is the use of shovelling billions of dollars through the Department of National Defence to protect it through the front door? Indications are that we are making quite a lot of progress in that direction, selling Canada down the river by the back door. I can back that up if I have the opportunity but I do not know whether I will take the occasion to do so this year. Here is another one:

Moreover, it is now expected that the general assembly of the United Nations will vote for the admission of red China, that red China which General MacArthur and several of his successors wanted to destroy and could have destroyed had it not been for that strange influence that has controlled the last three administrations.

I do not know whether or not that is true, but I heard the other day that at the recent empire conference of prime ministers the general idea was that we would work towards the recognition of red China. I hope that was not so. If it is so, it is a very serious matter. Unless we have some ulterior motive like trade, it means that as an empire we have lost our sense of right and wrong. Here is another quotation:

Why is it not possible for the United States, as long as it remains in the United Nations, to have delegates who are first and foremost for America?

How interesting that is. When they appoint delegates to go to the United Nations these people, every single one of them, are against the interests of the United States and congress appears to be unable to exercise any influence over the matter. Here is its next quotation: "The answer would seem to be that those back of the White House mean to force through the admission of red China."

The next quotation is:

Why has the present Republican administration, elected on a conservative American platform, become as internationalist and un-American as that of either Truman or Roosevelt, both of which in general placed American interests last?

That is a serious question. What causes these things to happen? We are coming to it after a while. We have already had reference to influence of some sort. What is that influence?

An hon. Member: What has this to do with Canada's defence?

Mr. Blackmore: We are right on defence, 100 per cent. Just as sure as you live, as I said a minute ago, there is no use pouring billions of dollars into the defence department if we know beforehand that the representatives of this nation are going to sell us to communism.

Mr. Hansell: Defence on our home ground.

Mr. Blackmore: Of course. For example, suppose the representatives of this nation go and use their influence to get red China admitted to the United Nations. You would have 450 million additional communists in the United Nations to exercise control over the United Nations, an organization which is now under the control of communism.

An hon. Member: Nonsense.

Mr. Blackmore: It is nonsense to those who do not know. My young friend just does not know. That is all. He just does not know. These matters are very important. Here is another quotation:

> The Republican national committee, which dictates the policy of the Republican party, appears to be interested, not in available facts, which show that the American people are not internationalists, but in instructions handed to it from behind the scenes.

By whom, I interject? I continue:

> It has acted on hunches. One major hunch has been that the only way to beat the Democratic party is to out new-deal the Democratic new dealers on foreign policy.

Mr. Philpott: What has that got to do with Canada?

Mr. Blackmore: I am fighting for the defence of Canada. I happen to have some children and grandchildren growing up in this country and I do not want them under communism, whether my hon. friend does or not.

Mr. Philpott: Let the Republicans fight their own campaign.

Mr. Blackmore: Never mind a lot of these cheap remarks.

An hon. Member: Don't say the United Nations is controlled by communists.

Mr. Blackmore: Here is another important quotation:

> Great numbers of Republicans stayed away from the polls in the congressional elections of 1954. In many mid-western districts, a third of the registered voters stayed home. Inquiry has disclosed that this was due to resentment at the administration's successfully blocking by a single vote the adoption of the Bricker amendment, and to the administration's going all out to destroy Senator McCarthy, an outstanding foe of communism and one of the ablest political campaigners the Republicans had.

This is all strange. Take this one:

> Yet officials of the Republican national committee, including chairman Hall, have refused even to look at the work charts and studies of the Dunn survey in spite of the compliments his survey has received from congressmen, commentators and editorial writers.

There is one more indication that the thing that is guiding the Republican party is not what the people think but what someone behind the scenes thinks. Then there is this passage:

> The conclusion seems inescapable that the actual thinking of voters is largely unheeded by the Republican national committee. Republican new dealism, of which we now see so much evidence, does not reflect the opinions and wishes of the people. It reflects the views and ideas of men working behind the scenes—

Who are they?

> —and passing on their instructions to the committee.

Then there is one more quotation, and this is all I will give at this time:

> The Republican national committee aims to have all funds that are to be contributed to Republican candidates for congress channelled through the national committee. In this way they can control the candidates. We are reliably advised that in the state of Illinois, for instance, in the congressional election of 1954 the Republican national committee sent word to Republican candidates for congress that not a dollar would come from the committee to their campaigns if they invited Senator McCarthy to speak for them. As a result, several Illinois Republican congressmen and the Republican nominee for the Senate lost the election.

I have quoted these words to indicate what kind of thing it is that is getting control of governments. We have been told by Lieutenant General Simonds, and let me repeat it again:

> Senior civil servants can, by deliberate and unwarranted stalling, defeat the recommendations of the armed forces, even though those recommendations have been approved by the cabinet.

Who is it who can do that? For whom are they working? Why do they do it? Why does the government not know about it? Why does the Minister of National Defence not do something about it? All I am concerned about is that there are hidden forces in Canada and hidden forces in the United States.

I pointed out in my speeches of the day before yesterday and the day before that hidden forces have evidently been acting in support of the Bank of Canada and the Rowell-Sirois commission report to the detriment of the Canadian people and in the interests of alien people abroad. I do not think the conclusion can be successfully questioned.

I wish to quote a passage from the Ottawa *Citizen* of some days ago. I think everybody

in Canada has been impressed with the fact that somehow or other and for some reason or other we shut Gouzenko up. Why shut Gouzenko up? Because there were evidently people in Canada who were more interested in the advancement of communism than they were in the advancement of Canadianism. All this man was doing was revealing the terribly dangerous situation which existed inside the Canadian government and the Canadian country. That is all, but we did not want to hear about it. Is it not strange? The government shut him up by the simple device of conveying to him that if he did not keep his mouth shut he would not have protection any more such as he now enjoys.

Mr. Philpott: He had an article in *Liberty* magazine last week.

Mr. Blackmore: Well, he was shut up, was he not? Perhaps his article was about a different thing entirely.

An hon. Member: And he has written a couple of books.

Mr. Blackmore: I suppose it is alright to write books as long as they do not reveal where the spies are, who they are, and call for an investigation of the spy rings. Certainly there is no objection then. But if Gouzenko wanted to adopt measures which would find out for us who the top ranking communist leader in Canada is, what his race is, whether he is Anglo-Saxon, Celt or alien, he would be shut up in a hurry. That is the information that everybody in Canada ought to know.

An hon. Member: Why don't you tell us?

Mr. Blackmore: I could tell you, but I prefer to let my hon. friend do his own investigating. It is his responsibility to do it, just as it is mine. I have discharged my responsibility and my hon. friend has not; that is all. I tell him that right to his face. I quote excerpts from an article in the Ottawa *Citizen*, page 16, November 23, 1953, headed, "Gouzenko says Canadian government ignored his attempts to expose U.S. spy rings."

> On no occasion did I (Gouzenko) ever say that I had new information which I did not already give to the Canadian government. "I believe a meeting (with U.S. officials) would be useful since I can give advice which, if properly put into effect, would have good chances of bringing exposure of present Soviet spy rings in the United States in comparatively short time."
>
> "That, of course, would be a great help to Canada, too. That advice I gave already to the Canadian government, during my first days under protection of the Canadian government, but I am sorry to say that it was ignored."

Now, why was it ignored?

[Mr. Blackmore.]

The Deputy Chairman: I am sorry to have to interrupt the hon. member but it is my duty to advise him his time has expired.

Mr. Blackmore: May I read just one sentence as I sit down?

> Serious and energetic adoption of this advice many years ago might have had important results by now. However, it is never too late . . .

The Deputy Chairman: The hon. member for Churchill.

Mr. Blackmore: The hon. member wants to ask me a question, and I want to answer him.

Mr. Hollingworth: I should like to ask the hon. member a question. Is he presenting his own view or the view of his party when he makes the very serious allegation that the United Nations organization, and I assume all its affiliated organizations, are controlled by communists.

Mr. Blackmore: I am speaking entirely for myself.

Mr. Weaver: I always hesitate to take part in a debate on national defence. It is not because I do not feel qualified to do so or at least as qualified as other members, but the complexities of the subject are such that I never know just where to start or where to end. The purely military aspects of our defence have been, and must be, decided upon by those who are qualified through years of careful study in their particular field. They have received and studied detailed and intimate facts on which they have to base their decisions. These are things which we, as members, cannot do unless we have the time, which we certainly have not got, to go into the subject as deeply as the officials responsible.

With regard to the actual amount of the estimates which we are asked to vote, the other day the hon. member for Winnipeg North Centre seemed to indicate that there was something odd in the round numbers of the total estimates of national defence. I do not see anything odd in these figures at all. For the last several years my understanding of what the government has been doing, and I am sure that is the understanding of other members, was that in the light of the knowledge they had of the economy they allotted as much as they felt could safely and wisely be allotted to national defence, and tailored the other items to that over-all figure. After all, defence is the most important single thing we have to face in the country, and other things certainly ought to be tailored to that amount.

The degree of priority of the various items within the departmental estimates must also be determined in the same way. However, those are things, as I said, that require a great deal of information upon which to base any decision. I wish to move to a field in which I feel I can make a contribution to this debate, and that, generally speaking, is the two great radar lines that have been built in our north.

Before dealing with them, I want to call the attention of hon. members to some of the physical facts relating to our country. Canada is a country that is larger in territory than the United States and Alaska combined. The constituency which I represent comprises about 175,000 square miles right in the heart of this country, yet it lies in the southern half of Canada. I represent nearly two-thirds of the province of Manitoba, which lies to the south of the Northwest Territories. Churchill, on Hudson bay, our northern port, is just about the geographical centre of Canada. Now, that is an amazing thing, but if you look at the map you will realize how much of Canada lies to the north of that. In my constituency, which is really a fringe constituency with regard to population, there are somewhere in the neighbourhood of 60,000 people. There are more people there than in all the Northwest Territories and the Yukon combined. When you think of the large territory that has to be covered, and that is the area we must defend, you will see some of the problems that enter into it.

I might refer to the solution of one of those problems. Our aircraft industry, in this small nation of 16 million people, has had to develop one of the outstanding aircraft in operation today, the CF-100. The problems related to its development were due to the size of the country and the distance it has to travel. I do not know of any other comparable problem anywhere, and for the same reason we have now to develop the CF-105. These are the problems that we, a small people, have to meet, and I am very proud of the way they have been met in the past.

Speaking of this tremendous area that I have mentioned, we have lying in that area possibly the richest resources that any country ever had under its charge. We have not fully coped with that area. There are many reasons why we have not, and one of the chief reasons is the small population and the services that have to be built and developed before we can properly cope with it. But when people get up and glibly say we are not properly looking after the sovereignty of that area or that the Department of National Defence is lax in looking after the sovereignty of that area. I wish they would take a look at the map, take into consideration some of the things I have said and try to realize the tremendous problems involved. The amount of money necessary to do these very large jobs has to be squeezed out of the economy which is developing, fortunately, at a very rapid rate. If we do not develop at that rapid rate it will make that defence job all the more difficult; so that if it is a battle of priorities between development, which fortunately does not come out of the estimates but does come out of the economy, and other developments and the protection of that economy, which has a valuable part to play in our everyday life, and the choosing of which has the higher priority, I have no doubt as to what the choice will be.

When faced with this problem some people have said that it is a waste of money; that this area cannot be defended. Well, let us suppose for a moment that it is a waste of money. I do not for a moment agree with that. I think it is a defensible area, or the people charged with those decisions would not have made them. I am leaving the military aspect for the moment. The country that those two lines run through is important; it is rich country; it is country that must be occupied by us as fast as we can occupy it or other people on this globe will occupy it in spite of us. The Canadian construction crews who have gone out and worked in the construction of those lines are getting a knowledge of their country that they never dreamed existed. They are finding out something about the country in which they are living and of which they are a part, and that will be of tremendous value in itself in making the rest of Canada aware of the lands within their borders.

There is only one regret I have in connection with the development of these lines and the development of the north that goes along with it, and that regret is that it has been the action of another country that has forced us to take the close look at our country that we have been taking. These lines will have a tremendous impact on our country in the future. Even if we admit they are not militarily worth while, every dollar spent there will be economically worth while because it will place an umbrella over the whole nation and it will assist tremendously in the prospecting, in the pioneering and in the developing of that northland.

I am afraid I have not given the picture as I should like to give it because it is such a large one to give. It is ridiculous to say that because our neighbours to the south are paying for the construction of the D.E.W. line, and are looking after the military aspect of it, we have lost our

sovereignty over it. The mid-Canada line runs along the 55th parallel, roughly, and I can remember in my school days hearing the slogan "54-40 or fight". We all know now how ridiculous that was and how ridiculous it is to say that the Americans are going to control us or have any influence on us that we ourselves do not agree to or recognize as being part of our geography or part of the facts of life that we live on their borders. Therefore, I feel that these fears are quite illogical and are only part of the general lack of knowledge that we as Canadians have of our own nation.

Now, as I said, it is true that many of our preparations may in the future prove to have been unnecessary—again I am speaking of military preparations. They might prove to have been unnecessary and I am sure that everyone here hopes that they will prove to have been unnecessary; but I cannot think of any military decision taken in the past that was unnecessary within the scope of the facts on which it was based.

There has never been such a time of uncertainty in our history, uncertainty as to what we should or should not be doing in many fields; but in the midst of that uncertainty I do not think we have ever been better served by those whom we have charged with the responsibility of our defence.

Mr. Harkness: Mr. Chairman, first, I should like to comment on the speech made yesterday by the senior hon. member for Halifax, in which he sought to establish that there was not any need for the committee requested by the Leader of the Opposition because great masses of information in regard to defence had been provided. Now, I can only describe the speech of the senior hon. member for Halifax as a collection of half truths, inaccuracies and words which added up to complete misrepresentation of the facts of the situation. It is quite true, as the hon. member said, we have had a lot of information in regard to defence matters, but a great deal of that information was in regard to details which were not of very great importance and did not assist us very greatly in discovering what the real facts are in regard to our defence situation.

On the other hand, the information which would place us in the position of knowing to what extent our defence forces are efficient and effective and whether we are getting value for the large amounts of money which we are putting into defence—those facts have very frequently been denied to us.

The hon. member for Halifax said that as far as the opposition is concerned everything is wrong with defence. We constantly say, "Everything is wrong with defence". Nobody on this side of the house has ever said everything was wrong with defence, or anything like that. We have throughout always been willing to admit and, as a matter of fact, to state that the officers and men in our defence forces are of high calibre, the morale is good and they have produced some efficient and effective units. The fact that we have made a considerable number of complaints in regard to the way in which the defence department has been carried on, and a great many criticisms on the general policy followed, and so forth, does not add up to saying that everything is wrong with defence. Nobody has ever maintained that everything was wrong with it.

I was particularly surprised that the hon. member for Halifax should have taken the proceedings before the defence expenditures committee of 1951, 1952 and 1953 as an example of the enormous amount of information on defence which was given to members on this side of the house, as an example of the fact that a defence committee such as that asked for by the Leader of the Opposition is not required. I think the hon. member showed a great deal of effrontery in even referring to the proceedings of the special committee on defence expenditure as an example of how much information was given to us. I have only one volume of the proceedings with me whereas I think the hon. member yesterday had the complete proceedings. If you go through the proceedings you will find instance after instance where information was denied to the members of that committee. In other words, rather than being an example, as the hon. member tried to indicate, of how much information was given it is a great example of exactly how much information was denied us.

It is true that a great deal of information was given to that committee but a vast portion of it was extremely irrelevant information. As a matter of fact, I believe the tactic pursued in that committee was an attempt to overwhelm the members of the committee with a tremendous number of figures and statistical lists of the number of pairs of socks on hand and things of that kind so that the committee would be bogged down in details and unable to obtain the information it desired.

When it came to requests for vital information, on the other hand, we were denied information. I will refer to only two instances which I think illustrate the point quite well. On April 29, 1952 at page 83 of the proceedings of the special committee on defence expenditure the following appears:

The chairman read the second report of the subcommittee on agenda, as follows:

Your sub-committee on agenda met on April 24 and 28, to consider the following notice of motion of Mr. Harkness, namely:

(a) That the Department of National Defence be asked to bring before the committee at its next meeting officials who can give us the general administrative set-up at Petawawa.

Then paragraphs (b), (c) and (d) are set out containing details of the particular witnesses we sought to have appear. Then it goes on to say:

Your sub-committee recommends that the above notice of motion be not entertained at the present time.

Mr. Harkness moved that the committee proceed with his motion as contained in the above report.

After debate, Mr. Applewhaite moved in amendment thereto

That all the words after "that" be struck out and the following substituted therefor:

In other words, the entire motion for the production of witnesses and papers was struck out. That was voted on and of course my motion was voted down. The proposed amendment was carried and the committee was denied the right of calling witnesses and investigating what had occurred at Petawawa.

Mr. George S. Currie, of course, carried on an investigation subsequent to that which disclosed a number of facts which have never been very palatable to members on the government side of the house.

Another similar instance of denial of information occurs in the proceedings for June 12, 1952 as recorded at page 412 thereof. I was asking a series of questions and here is one which appears about one-third of the way down the page:

Mr. Harkness: In connection with 87(a) which is the big item in this whole thing—

This was a list of the expenditures for equipment as far as the air force and army were concerned.

—being far more than all the rest of these items together, the note at the bottom says supplier includes A.V. Roe—CF-100, Canadair—F-86 Sabre I presume, and probably other aircraft. Now, could we be told that it is these two aircraft that the item takes in or whether there are other aircraft?

We then proceeded to discuss the matter of security which was brought up and the discussion continues for two or three pages. The net result was that we received no information whatever concerning that item which, as I say, was larger than all the other items put together. That is typical of the way in which that committee was conducted.

It is all very well to say that all kinds of information was given in this committee and in other ways, but the important point is that the information we obtained was a mass of minute details which were not important and the really important questions which would have enabled us to obtain a picture of the situation were left unanswered and the information was denied us.

From this point I would go on to comment on the speech made by the minister yesterday and I think the same criticism applies to his speech. In other words, the minister answered some of the small specific questions which were brought up in considerable detail but he did not answer the general criticisms raised with regard to policy and organization and things of that nature. He simply did not answer the important questions which were posed in the speeches made by hon. members during the course of this debate.

The minister made an attempt to answer the statements or allegations or whatever you want to call them which are contained in the article written by General Simonds which appeared in *Maclean's* magazine and which has been referred to here so frequently. In connection with that I will just read an account of his remarks which appears in this morning's *Gazette*:

Mr. Campney said General Simonds' views are "merely expressions of opinion and not necessarily statements of fact."

Well, I think I could agree with that comment but I would say that the minister's remark also applies to the statements he made yesterday. In other words, he offered statements of opinion which were not necessarily statements of fact.

When it comes to statements of opinion concerning the subjects General Simonds dealt with in his article, I am more prepared to accept his opinion than the minister's. Having been the chief of staff and having spent his lifetime in the Canadian army, General Simonds I think is perhaps better qualified than is the minister to express an opinion as to the efficiency of Canadian defence headquarters. I think he is better qualified than is the minister to state an opinion as to whether defence headquarters could operate efficiently and effectively in the event of war.

In his statement yesterday the minister said he was convinced that national defence headquarters here was efficient and effective and would do a good job in the event of war. That was his opinion and that is all it is. The opinion of the minister is the complete opposite of the opinion expressed by General Simonds and I think the General's opinion on that subject is much more valid than is the minister's opinion.

Mr. Chairman, may I call it one o'clock.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Harkness: Mr. Chairman, before the luncheon recess I had been commenting upon the reply made yesterday by the Minister of National Defence and had pointed out that while he had dealt with some of the smaller specific criticisms, such as the publication of books on hockey by the department, he had failed to deal with many of the more far-reaching and important criticisms by hon. members and also in magazine articles and other places by two high-ranking officers recently retired, General Simonds and General Macklin. I should like to ask the minister to deal specifically with some of the statements which appeared in the article by General Simonds in *Maclean's* magazine which have not been dealt with so far. They are summarized at the beginning of the article on page 22, and the following are three points which I do not think he touched upon:

1. There is no co-ordinated effort to evolve a sound and comprehensive defence policy.
2. The Canadian chiefs of staff committee is "packed" to protect the government against the receipt of unpalatable advice.
3. Senior civil servants can, by deliberate and unwarranted stalling, defeat the recommendations of the armed forces even though those recommendations have been approved by the cabinet.

When I spoke on these estimates before I had gone into this matter of general policy or lack of general policy as far as defence is concerned and had asked the minister to say something about that. I had also in some detail gone into the necessity for a reorganization of Canadian defence forces in view of the completely different circumstances which now exist owing to the development of thermonuclear weapons. In doing so I had paid some attention to the necessity, as far as the army was concerned, of developing more mobile and better protected forces which could operate in smaller units or forces where small units and sub-units could if necessary operate by themselves which undoubtedly would be necessary in the event of thermonuclear war. I also had something to say about the necessity for the unification of the armed forces and for a unified policy as far as all the forces are concerned, and the probable necessity, in order to accomplish that, of having an over-all chief of the defence forces as was found to be necessary during the second world war.

In the past few years since the war we have heard a considerable amount of talk about the integration of our three services. I am sorry to say that most of that talk I think has been eyewash. What it really comes down to is that the same branches of all three services as far as headquarters are concerned are in the same building. All that that really has accomplished is to waste people's time because when the people in A branch of the army, we will say, want to talk to the people in G branch of the army, they must take a long walk to a different building. It is true that the people in A branch of the army, navy and air force are located in the same building, but I understand that they really have very little to do with one another. In other words, it shows some outward signs of integration but actually it does not accomplish that purpose.

In addition to that we have three tri-service colleges which are quite good as far as they go, for cadets that is. We have the defence college at Kingston which I think is a good institution and where you have people from all three services as well as from external affairs and I believe other departments attending as students. I think it is an extremely good institution. We have the same rates of pay in the three services, but apart from those things nothing else in the way of integration has been accomplished that is really of any value as far as I can see.

I think everyone admits that the old concept of sea power, land power and air power being separate entities having little or no connection with one another is now completely invalid. No one of those forms of military power is of any use or avail by itself. In other words, they are totally interdependent. However, very little if anything in the organization of Canada's defence forces has taken place to show that these facts have been realized and taken into account.

The second world war showed the necessity for singleness of command and direction at the top for all forces in each theatre of war. It was not until that singleness of command in each theatre of war had been put into operation that we secured victory in the last war. But in spite of this, when the reorganization of the Canadian forces took place after the war this principle of unity of planning and direction was disregarded, and it still is.

As one example, the army and the air force each operate separate staff colleges where different concepts and doctrines of war are taught. The navy has no staff college at all. I think it would accomplish a great deal more and be much more important to have tri-service staff colleges for the training of staff officers than it is to have tri-service colleges for cadets. What was done to give some outward semblance of unity was really a clumsy and expensive attempt. A very large civil service was superimposed on the already extremely top-heavy staffs of the three services, duplicating the administrative machinery of the armed forces and thus

duplicating the cost and slowing down action with of course a consequent loss in efficiency. I think one might properly ask this question. If the quartermaster services of the forces are doing a proper job, why does all this work have to be done over again by civil servants? The thing seems to be completely without reason.

In my opinion the first step which should be taken as far as reorganizing Canada's defence set-up is concerned is the complete reorganization of national defence headquarters in order to secure efficiency and economy at that level. I have spoken on this subject before; perhaps it may be said that I have harped on it during the past seven or eight years. I have made speeches on the subject when the defence estimates were up going back to a period of two or three years after the war. In speeches I have made from that time on I have referred to the top-heavy organization at defence headquarters, and the large proportion of service personnel in administrative and desk jobs as compared to those in fighting units.

The former minister of national defence attempted to minimize this situation. At one time he produced some figures which purported to show that we were no worse off in this regard than the United Kingdom and the United States. I should like to point out that the worth of such figures depends upon what you take as fighting units. If you took the actual fighting units at the time mentioned and compared the number in them with the number in the services generally you would find the proportion to be very poor. The fact that we were very deficient in fighting units was shown up strongly when the Korean war broke out. We were not able to send a single battalion to the Korean war at that time. There was a terrible rush to recruit enough men to send one battalion, and about six months later we were able to send two more battalions. When the war came we did not have any troops to send, in spite of the fact that the minister kept assuring the house that we had adequate military forces to meet any foreseeable or likely contingency.

In any event it has been my contention for several years past that defence headquarters is top-heavy and as a result wasteful and inefficient. I now have two very powerful witnesses to reinforce that claim. General Simonds has said in this article that the headquarters is top-heavy. The minister, of course, said that was only his opinion. I think that that opinion is a very weighty one and it is reinforced by General Macklin and every other retired officer with any experience with whom I have ever spoken in regard to the matter. General Simonds said that in a real crisis national defence headquarters would come to a grinding, shuddering halt. I claim that is probably correct, in spite of the minister's opinion to the contrary.

General Burns in his book on Canadian manpower, which was mentioned by the hon. member for Winnipeg South Centre yesterday, points out what a terrific waste of manpower there was in administrative jobs during the war, and he points out that, contrary to what the general opinion was, that wastage was greater in the Canadian army than in the United States army, which everyone was holding up as the greatest institution for providing ice cream for the troops and other services which were not too essential in getting soldiers on the field. Our wastage in administrative jobs was greater than in the United States army and considerably greater than in the United Kingdom army. That situation has continued in peace time. I am quite convinced that we are still wasting a terrific amount of manpower. This national defence headquarters is perhaps the prime example of this.

The situation there of the multiplication of staffs inevitably leads to waste of manpower and money and loss of time and efficiency. According to the Department of National Defence report for this year, there were 4,330 civilian staff here in Ottawa at the end of 1955. The number of service personnel at national defence headquarters was not given but it is very large, and as a matter of fact I should like the minister to give later the figures for the number of service personnel here at defence headquarters.

However, a few examples show the unnecessary duplication, triplication and quadruplication of staffs. I would take as the first of these the medical services. There are three directorates of medical services, one for each service, and in addition a civilian advisory board. There is a brigadier or equivalent rank at the head of each of these services. As a matter of fact, at the moment I think the navy has a captain at the head of its service. I do not think there is any doubt that one directorate of medical services would be sufficient for the three services. There is no necessity to have one for the army, one for the navy and one for the air force.

When you look at the dental services you will find that there are not three directorates of dental services but only one, with a director at the head of it. The dental service looks after the army, the navy and the air force and does it very efficiently and effectively, as far as I can determine. There is

absolutely no reason why the same situation should not prevail as far as the medical services are concerned. The triplication of directors and their staffs there is completely unnecessary.

When we look at the chaplain services we see an even more ridiculous situation. Mr. Chairman, perhaps you could hardly credit it, but there are six directorates of chaplain services, each one headed by a colonel. There are six full colonels, and whom do they look after? According to this same report, at the end of 1955, there were only 246 chaplains, with these six directorates to run them. There is no doubt that two directorates, one for the Protestant and one for the Roman Catholic chaplains, for the three services would be ample, with two staffs instead of six staffs.

Another example is the directorate of military training in the army. When we look at the telephone book here we see that this directorate of military training has grown and flowered and has a multiplicity of full colonels as directors of various branches, each one with a considerable staff, each one with a G-2, majors, captains, lieutenants and goodness knows how many other personnel. We have a director of military training; we have a director of militia and cadets; we have a director of the Royal Canadian Armoured Corps; we have a director of the Royal Canadian Artillery; a director of the Signals; a director of the Royal Canadian Infantry Corps. In addition to that there are many other directorates of staff duties, military organization, planning and so forth, but the first ones I mentioned, the director of military training and these five directors for different corps, do the work that was done before the war by the director of military training and two staff officers.

It is admitted that the number of people in the army has increased very considerably, but I do not think there is any doubt that the increase has not been such as to warrant such a terrific multiplication of staffs as has taken place in these circumstances. The work of people of that kind consists to quite an extent of supervising training, putting out training pamphlets, issuing training directives and so on. The fact that we now have upwards of 50,000 people in the permanent army as compared with, say, 4,000 or 5,000 before the war, with a smaller number of people in the militia than before the war, does not warrant such an enormous multiplication of staffs, as far as training duties are concerned, as this shows.

As another example, each service has a personnel or manpower branch, and in addition to that there is another on the civilian side dealing with civilian personnel. In other words, there are four personnel agencies or directorates, or whatever you wish to call them, all dealing with the question of manpower. One would be sufficient. Of course, one of the results of having these various personnel directorates is that you have recruiting stations for all three services in each province and each city of any size. When you walk down the street in most of our cities, you will see an R.C.A.F. recruiting station; somewhere else you will see an army recruiting station; and somewhere else you will see a naval recruiting station. In other words, there are three recruiting stations, each with a staff and each paying a high rent in the downtown parts of our cities, to do the job that one recruiting station could do for all services and perhaps do more effectively.

Another example is with regard to pay services. There is a separate pay service for the army, navy and the air force. One pay service could handle the whole thing quite readily.

These are just some of the examples of the duplication, triplication and quadruplication of staffs and of the effort that goes on at national defence headquarters and is multiplied right across the country. I should like to refer now to one of the criticisms General Simonds made and it is to be found at page 66 of *Maclean's* magazine for June 23. It reads in this way:

> Power without responsibility is the theme that permeates the whole Canadian organization for the higher direction and control of defence.

That is national defence headquarters, of course.

> The Canadian chiefs of staff committee is "packed" to protect the government against the receipt of unpalatable advice, rather than present the military case objectively and fearlessly on its merits. The deputy minister of national defence, the permanent chairman, chiefs of staff and the chairman of the defence research board are all members of the chiefs of staff committee, yet none of these has any definite responsibility either to parliament on the one hand or for the end result as represented in the operational capability of each service on the other.

The Chairman: Order. I am sorry to interrupt the hon. member but I am obliged to advise him that his time has expired.

Mr. Gauthier (Portneuf): Mr. Chairman, I had decided not to take part in this debate and I would have preferred to continue to listen to the very interesting speeches coming from the other side of the house but as I heard a very silly speech delivered this morning by the member for Quebec West I thought an answer should be made to that speech. If the member for Quebec West was trying to get somebody's goat, he certainly put his own neck on the block. I have information given to me about the goat of

the 22nd regiment, and during the recess a few of my friends to whom I have spoken have asked me the same question: Why in heaven has the member for Quebec West picked on the glorious 22nd regiment to make a farce of it?

I have received information on the question of the goat. It comes from the department and I also have further information coming from newspapers. I shall only refer to two of them. The goat referred to by the member for Quebec West was presented by His Excellency the Governor General on behalf of Her Majesty the Queen to the Royal 22nd Regiment last October. I should like to see every member of Her Majesty's loyal opposition in his seat to listen to that and to take the matter more seriously than the member for Quebec West did when he was here. I am sorry he is not here at the present time.

This goat was specially selected from a herd in the United Kingdom maintained by the crown. The goat is looked after by one corporal who has volunteered for this duty in addition to his regular duties as N.C.O. of the top platoon. All the costs concerned—and this should be noted by every member of the house—in the upkeep of the goat are met from regimental funds. From their personal moneys the members of the 22nd regiment pay for the upkeep of the goat.

Just before the hon. member for Quebec West came in I was saying that the famous goat which he spoke about before the recess had been presented by the Governor General on behalf of Her Majesty the Queen—

Mr. Dufresne: Mr. Chairman—

Some hon. Members: Sit down.

Some hon. Members: Order.

Mr. Dufresne: —will the hon. member—

An hon. Member: You are the goat.

Mr. Dufresne: —allow me—

An hon. Member: No.

Mr. Dufresne: —just one word? I did not question the gift of the goat. I was only questioning the expenses incurred in the keeping of the goat at the Quebec citadel.

Some hon. Members: Oh, oh!

Mr. Gauthier (Portneuf): If the hon. member—

Mr. Dufresne: I might be a goat but you are a bunch of sheep.

An hon. Member: That is what you think.

Mr. Gauthier (Portneuf): I would answer the hon. member on that but I am too charitable to do so.

An hon. Member: Go and have a quick one.

Mr. Gauthier (Portneuf): I was saying that all costs concerned in the upkeep of the goat are met from regimental funds.

Mr. Dufresne: No.

Mr. Gauthier (Portneuf): Yes. All concerned in the officers' mess and the N.C.O.'s mess are providing the funds for the upkeep of the goat, the mascot of the regiment. Most of the regiments in Canada have mascots and most of the sports associations in the world have mascots. Even the Tory party has a mascot.

Some hon. Members: Hear, hear.

Mr. Dufresne: That is the best mascot of all.

Mr. Gauthier (Portneuf): I am going to tell the hon. gentleman one thing and I hope he will never forget it. When I was practising medicine I used to tell my patients—

An hon. Member: Did you have a certificate?

Mr. Gauthier (Portneuf): Yes, I have my certificate and I can treat you for mental disease if you like. Come again. I used to ask my patients to be patient and to take their pills and swallow them without saying a word because it would have a much better effect on their systems. Why don't you take your pill?

Mr. Dufresne: I do not need one from you.

Mr. Gauthier (Portneuf): You need a few.

Mr. Dufresne: Not one you would prescribe.

Mr. Gauthier (Portneuf): A small building was constructed to house the goat and the only charges in this regard—listen to this; it is far from the figure given by the member for Quebec West—were some $120 met from regimental funds.

Mr. Dufresne: No.

Mr. Gauthier (Portneuf): Why don't you be silent?

Mr. Dufresne: I am doing the same thing you do when I rise.

Mr. Gauthier (Portneuf): Why don't you be silent for once?

An hon. Member: Who wrote that speech?

Mr. Gauthier (Portneuf): Nobody. I can make my own speeches, and I do not read them. I am simply giving information that comes from the Department of National Defence and I have other information from newspapers, from a Tory newspaper, the Ottawa *Journal*, if you like.

Mr. Dufresne: That is not proof.

Mr. Gauthier (Portneuf): There was also a somewhat smaller sum met by the crown—this is the sin—for electrical fittings which were installed by army engineers on the station. They do not give the amount but I presume it must be very small. The Royal 22nd Regiment is affiliated with the Royal Welsh Fusiliers which by ancient tradition has been privileged by the crown to have as its official mascot a goat from the royal herd. That is the story about the goat. Now, who is the goat?

Mr. Dufresne: That is your story about the goat.

Mr. Gauthier (Portneuf): You have not swallowed it yet? Then, there is an article in the Ottawa *Journal* of October 1955 which is headed, "Massey presents royal goat to famed royal 22nd". It reads:

Quebec, October 3:—The 1st battalion of the Royal 22nd regiment marched proudly along historic Grand Allee Saturday with a new mascot—a specially-trained goat presented to the Quebec army unit by Governor General Vincent Massey.

The parade was in the character of a farewell demonstration by the 800 men who embark here Tuesday—

These 800 members did not find it so funny. They were proud to parade with the goat given by the Queen.

—for Germany, where they will join the 2nd Canadian Infantry Brigade. The men's families will travel separately to Europe about one month from now.

Canada's 1st Infantry Brigade will soon return to Canada after serving two years in Germany.

More than 1,000 men of the famed "Van Doos"—

My hon. friend knows that the English speaking people call the 22nd the "Van Doos".

—gathered on the plains of Abraham for the goat presentation ceremony.

Mr. Massey—

After all, he is the Governor General of Canada. He is as high up in the hierarchy as the hon. member for Quebec West.

Mr. Massey presented the spotless, white-horned animal to Major General Georges Vanier, honorary colonel of the regiment who was its officer commanding when it was affiliated with the Royal Welsh Fusiliers in 1927. The mascot of the Fusiliers is also a goat.

The trained animal wore a silver insignia of the Royal 22nd on its horn and an inscription in French naming Mr. Massey as its donor.

Goat Corporal Albert Gagnon, 21, of Grand'mere, Quebec, wearing a scarlet gala uniform and bearskin cap, led the animal in the parade by a leather leash.

When the goat was brought close to Mr. Massey for the presentation ceremony, it rose on its hind legs and placed its front paws on the Governor General's chest. A crowd of onlookers applauded.

They were not ashamed of it. They did not make a fuss about that. They were quite pleased and honoured by the gift given by Her Majesty the Queen and the Governor General.

[Mr. Dufresne.]

Mr. Dufresne: Until then, there was no cost of any kind.

Mr. Gauthier (Portneuf): You do not know anything about the cost. You gave the figure as $1,800 this morning.

Mr. Dufresne: I knew what I was talking about.

Mr. Gauthier (Portneuf): It was $120.

Mr. Dufresne: That is your own figure.

Mr. Gauthier (Portneuf): You have a lot of your own. I continue reading from the article:

In a brief address Mr. Massey said he had cherished the hope of making the gift to the Royal 22nd for some time because of its affiliation with the Royal Welsh Fusiliers.

"It seemed appropriate—

That is the Governor General speaking.

—that you would share with the Royal Welsh Fusiliers one of their old traditions, that of counting among their members a goat from the royal flock," he said.

They were not ashamed of it. They did not make any fuss out of it. It was the hon. member for Quebec West who made the fuss. I am sure of this, that the hon. member has members of the Royal 22nd in his county, as I have in mine, and they will remember his outburst.

Mr. Dufresne: I did not say anything about the 22nd.

Mr. Gauthier (Portneuf): There is an article in the Windsor *Star* which is about the same thing as reported in the Ottawa *Journal*, so why pick on the 22nd?

Mr. Dufresne: Mr. Chairman, on a point of order—

Some hon. Members: Sit down.

Mr. Dufresne: I rise on a point of privilege.

Mr. Howe (Port Arthur): There is no point of privilege there.

Mr. Dufresne: Now, shut up a minute.

The Chairman: Order. The hon. member who has the floor may not be interrupted without his consent, as the hon. member well knows.

Mr. Dufresne: On a point of privilege—Mr. Chairman—

Mr. Gauthier (Portneuf): He is the mascot; he has certain privileges.

Mr. Dufresne: I am proud to be the mascot of a great party like mine.

An hon. Member: What have you got on your horns?

Mr. Dufresne: Quiet, children. My question of privilege, Mr. Chairman, is that the hon. member for Portneuf just said, why should the hon. member for Quebec West pick on the 22nd regiment? Never at any time have I mentioned anything regarding the 22nd regiment. I am proud of this regiment and many of its members are in my constituency. I do want to tell the hon. member for Portneuf that he has to withdraw those words.

Some hon. Members: Oh, oh.

Mr. Dufresne: If I did pick on someone, I picked on the goat with all the expenses incurred. I am still sure the figures I gave were the right ones.

Mr. Gauthier (Portneuf): I would rather not withdraw, Mr. Chairman, because I have another epithet to replace the first one and my hon. friend will not like it. Shall I withdraw?

Mr. Dufresne: Do whatever you wish to do.

Mr. Gauthier (Portneuf): Shall I withdraw?

Mr. Dufresne: It is not up to me to decide; I am not the chairman.

Mr. Gauthier (Portneuf): I am positive—oh, I forgot one thing. He says he is proud to be the mascot of a great party. I wonder if it is reciprocal? I hope they get a leash and bring him back on the line.

I was really sorry to hear the hon. member this morning. Of course, he never thought—

Mr. Dufresne: You do not have to.

Mr. Gauthier (Portneuf): You do not have to think? Well, that is funny. He never thought that would be like a bouncing ball after the recess. I have read newspaper clippings from the Ottawa *Journal,* and surely he must believe in those if he believes in anything—I mean politically speaking.

Mr. Dufresne: What about the expense?

Mr. Gauthier (Portneuf): I gave the expense, $120, and it came from the personal funds of the N.C.O.'s and officers mess. Is that enough? Is that clear?

Mr. Dufresne: That is your own version.

Mr. Gauthier (Portneuf): It is my version and it is the version of all those who have been in the army. We must not forget, Mr. Chairman, that the—I will not say attack but I would say unhappy intervention of the hon. member for Quebec West about that goat is now a thing of the past, but I am sure the members of the "Van Doos" will not like it and will not forget it. When we are in the army and away from our families we must have something like this to keep up the esprit de corps, to enjoy ourselves and to make the army more pleasant. That is normal; that is a tradition.

Mr. Dufresne: You should have a goat in your own ranks, too.

Mr. Gauthier (Portneuf): If we have to have one we shall choose it. Mr. Chairman, I think the matter of the goat is cleared up by the Ottawa *Journal* and by the information coming from the Department of National Defence. When the hon. member retires tonight and is on his knees with a good book in his hand dealing with the past, the present and the future of the Conservative party he will have time to meditate on what he did this morning.

Another thing he mentioned this morning was the Petawawa horses. On January 22, 1953, the hon. member for Hamilton West asked these questions in the house:

1. Were any names of persons listed on Petawawa payrolls which did not represent living human beings?
2. If so, how many?
3. At what rate of pay were they listed?
4. Was remuneration in cash or by cheque?
5. If the latter, who cashed the cheques?
6. Were deductions made for income tax purposes at source?
7. If so, what claims, if any, were made for exemption because of (a) married status; (b) other dependents?

The Prime Minister answered that question as follows:

Mr. Speaker, as this question concerns matters in which the Department of National Defence, the Department of National Revenue and the Department of Justice are all three interested, I believe it would be appropriate that I answer it. The answer to the first question is "no" and therefore the remaining questions are not applicable.

Mr. Dufresne: You should read the Currie report.

Mr. Gauthier (Portneuf): I continue:

As this answer will appear to differ from a two-line statement in the Currie report tabled on December 15 last, I think I should state the facts in this connection so far as it has been possible to ascertain them.

It is very long, Mr. Chairman. I will not put it on *Hansard.* If the hon. member would like to consult my scrapbook he will find very interesting things in it—

Mr. Dufresne: I read the Currie report.

Mr. Gauthier (Portneuf): —pertaining to my hon. friend.

Mr. Dufresne: I read the revised one.

Mr. Gauthier (Portneuf): I continue:

The names on the payroll were the names of labourers who actually existed and who worked as teamsters. There were no false names on the payroll and no horses on the payroll.

This question was settled long ago. After all, a majority of the Canadian electors settled it once and for all in 1953.

Mr. Jones: As an officer who served in the Welsh Fusiliers in the first war, I feel I must get into this discussion. I served from August 14 with the Welsh Fusiliers until I was knocked out, and actually any time a goat is mentioned it is a fighting word to the Welsh Fusiliers. I am sure the hon. member for Quebec West would not say what he said anywhere near the present members of that regiment. It is probably the oldest mascot in military history. It was adopted soon after the Crimean war. Queen Victoria gave the Welsh Fusiliers the first goat and, ever since that, as one goat dies it has been replaced from Windsor Great Park.

There is only one thing we have against the goat as a mascot and that is the smell. We have always arranged so that the dirtiest battalions and the dirtiest companies that have not been looking after their camps march immediately behind the goat. That was the punishment; and naturally they tried to do better the next time. While in France the goat got dirty and possibly did smell. Whenever a member of royalty made a visit to the regiment we would, in order to entertain him, have the goat in the mess and so we had two men wash and scrub all day to try to remove the smell of the goat, but, when royalty came in, it did smell.

I would suggest that these mascots are a wonderful incentive to the men. I know on long marches in France the colonel would turn around and say, "Damn you fellows, the goat can march, can't you?" And certainly the men would say, if the goat can do it, we can. Actually, we took a pride in the goat.

There are one or two matters I should like to mention while I am on my feet. My criticism of the Department of National Defence is their complete failure to assist rifle associations to get equipment. I have tried and tried through the present minister to get targets for a group in Penticton, a purely voluntary group of men—

Some hon. Members: Baa, baa!

Mr. Dufresne: We know where the goats are.

Mr. Jones: —who have purchased land areas suitable for target practice. All the members of the rifle association are young men. Some belong to local military units, and there are others, and they are anxious to be prepared in case of an emergency. We have the experience of the last war of the Pacific coast rangers who drilled themselves and conducted themselves in such a way that they could be of use in the event of an invasion of the Pacific coast. The government appreciated the excellent work they did on a voluntary basis. This rifle association is willing to do the same thing. I am making a request of the minister. They were turned down completely. These targets are available. I believe some of them are at Armstrong and at the rifle range at Vernon. The department has condemned the range at Vernon; the targets are not being used. They are left to rust. They could be used by these people and they would use them if they had them. The department would be getting something for nothing. These young men are willing to train themselves to be of service to the department should the occasion arise. I hope the minister will change his attitude and go out of his way to help these men.

There is one other thing I should like to mention. I hold in my hand a copy of *Roundel*. I think the minister is probably aware of what it is. It shows a tight formation of jet aircraft. I am going to suggest that a tight formation of jet aircraft or of any aircraft is a real folly; it endangers life and makes useless a lot of our equipment in the form of jet planes. I do not have to refer to the accidents that took place in France where these jets were flying 500 or 600 miles an hour, or whatever rate they go, wing-tip to wing-tip. They are subject to human error; they are subject to mechanical error and all the errors that follow the mechanical age; and yet we take this unnecessary risk with our equipment, and more so with valuable trained pilots and others who may be on the planes. I think it is time the department called a halt to these tight formations. They are very pretty, we love watching them; they are really spectacular but they are highly dangerous. In a war, if you flew planes in tight formations like that it would be an ideal target for the enemy. The only way to fly in war is to scatter the planes as far as possible and your ground troops and your air troops to make the target as hard to hit as possible. In view of the impractical use of tight formations in war, I would suggest to the minister that it should be discontinued in peace to give those young pilots a break.

Mr. Philpott: Mr. Chairman, I have to go to the banking committee in a minute. I know you are going to start questions pretty soon. I have one that I want to leave with the Minister of National Defence which I hope he will not find too tough. First I want to congratulate him in that he has handled the problem with which he deals better than they did in Britain where they had the famous battle of the bloomers which has just been concluded.

I notice in the latest annual report of the Department of National Defence they are now

giving a monthly clothing allowance for uniforms to the personnel of the armed services and I observe that the women receive $2 a month more than the men. My question to the minister is this. I hope he is not going to run into trouble with the Minister of Labour in view of his new bill concerning equal pay for equal work for women. I also hope he is not going to embarrass the hon. member for Hamilton West who for so many years has been asking for equal pay for women in that this is not going to degenerate into a policy of extra pay for women.

Mr. Brooks: Very clever.

Mr. Thomas: Mr. Chairman, in the last few minutes this debate has been a strange one in that we have gone from goats to bloomers. We have had an explanation as to the expenses incurred over the goat mascot of the "Van Doos" and we found out that the trouble with the Tory party is that they have too many mascots and not enough party.

Yesterday, Mr. Chairman, the senior member for Halifax, as he does on occasion, set himself up as the hatchet man for the government and said that the committee on defence expenditures which sat for about two years or more found absolutely nothing wrong with the department and that the opposition was extremely disappointed because they were unable to verify any of the charges that had been made concerning the Department of Defence Production.

I would like to remind the hon. member for Halifax that his memory must be pretty short. Surely he has not forgotten all the evidence that was brought out in that committee with regard to Penhold, Cold Lake, Namao and the other defence construction enterprises. Surely he has not forgotten the price of $13,258 a well that was paid to drill the wells at Penhold. One of them was 105 feet deep and cost something over $100 a foot.

Surely he has not forgotten the $664,000 in change orders that came about as a result of changes in decisions and so on after the contracts had been let. Surely he has not forgotten the $28,200 speed-up payment that was given to the major construction company engaged there because they were lagging in the time element of their contract. At the same time, during that speed-up period when they had asked for an expansion because they were unable to live up to the time limit the company was given another $4,900,000 contract at Cold Lake.

Surely he has not forgotten the $5,000 that was given to the contractor in order to pick up the cement slabs that were apparently covered by snow when the tenderer went there to make the tenders in spite of the fact that the tender definitely states that the tenderer has investigated into the circumstances, has looked over the site and is basing his tender on that ground.

I am not going to say anything more about that because those are things that could probably happen in any department of any government; but for the hon. member to stand up and say we were unable to discover anything wrong in that committee is surely folly.

How well I recall that when speaking in the debate after the committee had finished sitting the hon. member said almost tearfully that he had not heard any of the charges in committee that were being made on the floor of the house. The fact remains that we could not make any charges in committee because every time we opened our mouths to say anything the hon. member for Halifax would get up and say, "Mr. Chairman, I object. The hon. member is making a statement, he is not asking a question".

The very fact that immediately following the debate that took place the committee was closed off and has not been able to reconvene again is the best indication I know of that we must have found out something. That committee did a wonderful job. We touched upon only one phase of defence contracts. We should have been allowed to go on because I think the government gained a good deal as a result of the probing that was done in that committee.

I am not going to speak about that any further except to mention that the hon. member told us yesterday how much information the members of this house were allowed to receive here in the house and he pointed out that we could go anywhere at any time and go aboard any ship or enter any defence establishment. He took great pains to point out that even the public was allowed to go on board these ships and enter these establishments at fixed times. All I can gather from that comment is that the hon. member was trying to tell the public of Canada that their members of parliament are entitled to have exactly the same kind of information as is the public. Unless we as members of parliament have the opportunity of digging in and thoroughly investigating all phases of national defence we cannot possibly do the job we were sent down here to do.

After all, that department of government is spending more money than any other department, about $2½ billion of the taxpayers' money. Surely to goodness we should be given practically all the information we want

concerning these expenditures so we can determine whether or not the money is being spent in a proper way.

We want to find out whether or not there has been any waste or extravagance. I am not accusing anybody of any crooked dealings or anything of the sort but I do think the attitude the government has taken, that it is almost a sacrilege to question anything having to do with defence, is wrong. We have a duty to investigate these things and I think we should be allowed to do so.

I have two more points to draw to the attention of the minister, one of which I brought up last year, and that is the question of ground to air guided missiles. Apparently the department has practically given up any idea of proceeding with an investigation in this field. I would like to point out to the minister that ground to air guided missiles working in conjunction with the radar lines could be of the greatest assistance in protecting this country against air attacks because these missiles would be ready in advance bases in the north long before any alert could be answered by any of our aircraft. They would serve as the first line of defence against any air attack coming from behind the iron curtain across the polar wastes.

I urge the minister to give serious consideration to this point. I know of no cheaper and more effective way of protecting ourselves against possible air attacks.

My last point is one about which I feel very strongly and although I mentioned it to the minister last year he did not deal with it at all. I have no doubt the minister will remember that I asked him what the possibility was of asking the press to withhold news of air crashes and military fatal accidents until such time as the next of kin have been notified. Time and time again throughout the years you hear the same old story that so many men of the armed forces were killed and that the names are being withheld until the next of kin have been notified. I cannot think of anything that would be harder to bear than for the people back home to have to sit and wonder if their boy or father is the one who has been killed. I would not want to have to sit by and wait until it was published in the newspapers.

I am not asking for the forcible suppression of news or anything like that, but I suggest to the minister that he ask the press to co-operate in this. I think the newspapers and radio bureaux of this country are humane enough to want to ease the suffering that would come about as a result of publishing that type of news. I have never been placed in this position, but no doubt many hon. members have. No doubt they have had to sit back and wait for 24 or 36 hours after someone had been killed at a station and not be able to learn if it was their son. A wife should not have to suffer when her husband is on such a station until the news is finally published in the newspaper or over the air.

I put this to the minister in all seriousness, as I think a severe strain is placed on these people by having to wait for definite news as to who has been involved in a fatal accident.

Mr. Nesbitt: Mr. Chairman, I should like to preface my brief remarks by saying that I am going to ask a number of questions which I do not expect the minister to answer at the moment. I had expected to ask these questions on the particular items, but unfortunately I must leave the house and will not have that opportunity. I shall ask the questions now and possibly the minister will answer them later on.

When the debate on the estimates of this department opened some time ago I asked a number of questions. In his remarks yesterday the minister answered some but not all of those questions. It may just be my interpretation, but to me the minister's answers were somewhat evasive; therefore I intend to ask the questions again.

First of all with respect to the cruiser *Quebec,* yesterday the minister stated that the *Quebec* has now been placed in reserve. I am glad to hear that, because a cruiser is an expensive ship to operate. I understand that the cruiser *Ontario* is being converted for the training of junior officers at sea. I should like to know the normal complement of officers and men on H.M.C.S. *Ontario* and what is the annual cost of maintaining and operating this ship.

Yesterday the minister said that one reason the *Quebec* was being put in reserve was that a sufficient number of other ships are now available for training. It would seem to me that since we are going to have an anti-submarine destroyer navy it would be much better to train junior officers on destroyers or similar types of ships rather than on a cruiser, which in all likelihood will never be used and which is most expensive to maintain.

The next thing I should like to deal with briefly is the destroyer escorts. I do not think the information given by the minister is definite enough, and I should like to know how long it will be before the St. Laurent class of destroyer and the Crescent destroyer escort will be in service and what the cost of these ships is expected to be. My understanding is that the cost of the prototype of this class, namely H.M.C.S. *St. Laurent,* was

nearly $18 million. Naturally it costs more to produce a prototype, but I should like to know if the other units of this class will cost less, the same or more per unit.

I should like to ask one question in connection with the Crescent and Tribal class destroyers which are being converted. Yesterday the minister told us that the cost of conversion and refitting will run to $4 million in the case of the Crescent class and $5,500,000 in the case of the Tribal class. He stated also that the life expectancy of these ships is something over 20 years, and this is also the case with the frigates. I should like to know the life expectancy of both the Tribal and Cresent class destroyers after being converted and refitted. Will it be five years, ten years or what? I expect that the minister will be able to give us that information, and also information with respect to the original construction date of these ships.

I think it is quite important to know how long these ships are going to be in use after we have spent $4 million refitting one class and $5,500,000 refitting another class. I should like to know the original cost of the Tribal class destroyer and also the Crescent class.

I have some questions that have to do with frigates, of which we apparently have about 20 in the Canadian navy. I believe there are 10 in operation, 3 on loan to Norway, 6 in reserve and 5 undergoing conversion. Yesterday the minister told us that the cost of conversion was approximately $3,500,000. I should like to know if any of these frigates were built after the end of world war II, or were they all constructed during world war II? What will be the life expectancy of these frigates after this rather expensive conversion job? I may be wrong and I hope the minister will correct me if I am, but I believe the life expectancy is about three or four years after this conversion which will cost about $3,500,000. I should like to know the original cost of these frigates and when they were first built. Unless my memory serves me poorly, it is costing a great deal more to convert them than it did to build them in the first place. It may be that I am mistaken, and I have no doubt the minister will give us the figures.

I asked earlier what type of engines these ships have. I do not expect the minister to give the details because naturally that information is classified, but I would like to know whether they are fitted with turbine or reciprocating engines? I do not think it would be out of line to ask if these ships are capable of overtaking a modern Russian submarine. My understanding is that a Russian submarine can travel at the rate of 25 knots under water, and I understood that these frigates were not capable of that speed. It may be that alterations are being made to bring up the speed of these ships to equal that of Russian submarines. I would certainly be delighted to hear that was so. That is another matter which I hope the minister will clear up.

I know these are questions which are in the minds of the Canadian people and of those who were formerly connected with the naval services. In my opinion they are of great importance.

There is only one other question I should like to ask in regard to the matter of frigates. If these frigates are being reconverted at a cost of $3½ million each and they cannot carry out the task of overtaking potential enemy submarines, I should like to know just what is the purpose of having them in the naval service and particularly of spending all this money on them. I understand that the general view, not only in this country but elsewhere, is that the new *St. Laurent* class destroyers are probably the most up to date and efficient type of anti-submarine vessels at present afloat, and I am glad to hear we are going to have a number of these; I believe it is 14. That is excellent, and they should make our anti-submarine navy, at least in quality if not in quantity, the finest afloat. But the thought occurs to me, what is the purpose of spending all this money on reconverting these frigates if they are not going to be used for any great length of time and if they are not capable of overtaking potential enemy submarines? I shall be delighted to read the minister's answers when he gives them.

If their speed is presently sufficient to enable them to overtake an enemy submarine, that is fine; and if they are going to have a considerable life expectancy I think the cost would be justified. Otherwise I think it would not. It has been suggested to me that these frigates are just a temporary stop-gap until all the new *St. Laurent* class destroyers are built. If that is the case possibly the expense might be justified, but unless they are capable of catching an enemy submarine I still do not think it would be.

Mr. White (Middlesex East): Before the first item is carried there are two or three questions I should like to ask and a few remarks I should like to make. I do not intend to go into all the ramifications of the Department of National Defence.

I said the other night that because of all the far-reaching angles of national defence—for example, the D.E.W. line is so far away that Canadians are not able to see just what they are getting for their

defence dollar—of all the dollars that are spent we have actually less to show for those spent on national defence, and that is partly because aircraft particularly and defence items in general become obsolete about the time when they go into production. Consequently it is an expensive operation.

Ever since the earliest days the city of London has been a military headquarters. Western Ontario and the city of London particularly, to put it mildly, were very much disappointed when the minister announced the disbandment of 420 squadron. With the changed flying conditions I do not suppose we could expect these things to continue indefinitely, but I think the city and I myself felt that here was a group of men giving time to the 420 auxiliary squadron.

I read very carefully the minister's reply yesterday to my question of the day before on what the plans were to use these personnel of 420 auxiliary squadron. I think that what actually will happen is that many of these men will be disappointed. They were going there in their spare time and flying those planes, but they are going to say that they are not interested in ground work and will give it up, not all of them but a great many of them. I was, shall I say, shocked to read in today's Montreal *Gazette* these words:

> Montreal's week-end pilots in the R.C.A.F. are on the job full time this week and next.

It says that the two auxiliary squadrons, 401 city of Westmount and 438 city of Montreal will be equipped with Sabre jets and T-33 trainers, and each squadron will retain two propeller-driven Harvards. At the very time they are washing out 420 squadron, there in Montreal apparently they are equipping the squadrons with better equipment. The minister more or less says—perhaps he does not say it in so many words but he indicates by his actions—that it was an obsolete operation in London. Yet I find that in Montreal two of these auxiliary squadrons are being retained and equipped with better aircraft.

I think I suggested earlier that the minister should consider using 420 squadron personnel at London for transport and duties of that type. I know the minister will correct me if I am wrong, but I understand that there is a shortage of heavy duty transport facilities, both civilian and military, in Canada. This is a use that could be made of the airport facilities and the personnel there, and they would be flying the type of aircraft with which they are familiar. It seems to me that better use could be made of the knowledge these auxiliary squadrons have. I could not quite follow the minister.

[Mr. White (Middlesex East).]

I understand that the disbandment order on the Hamilton squadron was lifted but not the one on 420 squadron at London. They are not going to be treated alike.

Mr. Campney: The ban has not been lifted on flying for 424 squadron.

Mr. White (Middlesex East): Then I understand that both squadrons will be treated in the same manner?

Mr. Campney: That is my understanding also.

Mr. White (Middlesex East): A question was asked this morning about the brief submitted to the Minister of Transport by the Canadian airline pilots' association. I hope the minister will not interrupt and say that this is a transport matter, because I have just one reference to make. In their presentation regarding transportation they have this to say:

> . . . there is a grave deficiency in Canadian air transport capacity and that there is no plan to meet Canadian responsibilities in an emergency.

That is not the first reference I have seen regarding the need for transport aircraft. In this modern age we need practically an airborne army, in my estimation, to move troops quickly from place to place. This is the very type of work that I think this auxiliary squadron could assist in doing. It could train men for that very purpose.

I am not going to burden the minister and the house with the entire contents of these two resolutions. I hold in my hand a resolution from the city of London regarding 420 squadron and toward the conclusion it says:

> Therefore be it resolved that the council of the corporation of the city of London petition the dominion government, through the Minister of National Defence, to give serious consideration to the retention of the London airport as a flying station and that if it is impossible to retain No. 420 city of London squadron, another flying training unit be located at the London airport.

Later they suggest that a transport training unit be established at London if the present 420 squadron is not to be retained. I do not know what else I can add except to say, as I did at the beginning, that the city of London all down through history has been connected with national defence as a headquarters for military operations, and the citizens of the area rather feel that they are being let down at this time.

I have a couple of other questions I should like to address to the minister. I notice on pages 312, 321 and 334 of the details certain expenditures for fire-fighters in the armed forces. On page 312 there is an item of $1,405,040 for fire-fighters in the navy. On page 321 there is an item of $926,660 for fire-fighters in the army and on page 334 there

is an item of $437,360 for fire-fighters in the air force. These items total $2,769,060. That seems to me to be a terrific fire insurance policy to pay. The number of men are listed. How many fires have there been in each of the last five years in military establishments in Canada and what was the amount of the loss in each of the fires?

Mr. Pearkes: Mr. Chairman, I think the general debate is fast drawing to a close. I wonder whether the minister could clear up one or two of the questions which have already been asked before we proceed with the details.

Mr. Campney: Mr. Chairman, I have followed the debate with a good deal of interest and have received a good deal of advice on things past, present and to come, and even some advice on other departments, but I do thank hon. members for their observations.

Mr. Brooks: Do you think you will profit by them?

Mr. Campney: I also thank them for their attention to this subject, which we all agree is of very great moment to all of us. There are a few matters I could deal with now. I know that a considerable number of matters will come up on the detailed estimates for the different branches, but there are a few subjects that I could possibly deal with now before we proceed with the consideration of the details of the estimates.

Yesterday the hon. member for Esquimalt-Saanich made a remark about the difference between the chiefs of staffs committees in Great Britain and Canada. I must agree that he extended my remarks to complete their accuracy, and I appreciate that. He also asked a question about the stockpiling of CF-100 aircraft and made some further remarks leading from that. I should point out that we do not have and probably will not have a stockpile of CF-100 aircraft in any permament sense of that word, because the rate of production is being reduced, as the hon. gentleman knows, and out of the rate of production as it now stands plus accumulated CF-100's our requirements will be to replace CF-100's in the four squadrons of the first Canadian air division in Europe, which has already been announced, to provide CF-100's for the three additional interceptor squadrons for air defence in Canada, which I have already announced, and to have a continuing bank for normal aircraft attrition and for spares.

Indeed, the CF-100 program is now ready to be phased into the development and, we hope, production of the CF-105. Therefore in effect we will not have, looking into the future, a stockpile of CF-100's surplus to our requirements. That does not mean, of course, that they could not be produced if other nations of NATO wish to acquire them.

The hon. member for Winnipeg South Centre asked for an explanation of the decrease of $24 million in the army estimates for this year. He was as usual apprehensive for the welfare of the army, and wondered whether this indicated a trend or a decision to reduce the army's status or its equipment. This decrease, I may tell him, is almost wholly attributable to the fact that the stockpiling of certain ammunition and vehicles has been largely completed, and that stockpiling involved large sums.

He also asked for further information about the additional armoured regiments to which I referred on June 20. There are a number of matters still being reviewed in that regard, and I am not in a position to give details about particular regiments. However, I can say that the intention is that the armoured regiments will normally be brigaded in brigade groups of all arms within the division and it will be possible, should the need arise, to use all the armoured regiments in combination after the manner of an armoured brigade as well as separately with the brigade group. That is part of the flexibility that we are trying to achieve.

I should like to assure him and also the hon. member for Calgary North that I think it is fair to say, and I am glad to note that some other members did say it, including the Leader of the Opposition, that our army, navy and air force are in first class fighting condition. I would not ask hon. members to take my word alone for that, but we have had the repeated assurances of General Gruenther and Sir Richard Gale, who has commanded our armed forces in Europe, with regard to the Canadian brigade in Europe. Other NATO commanders have spoken very highly of the fitness and capability of our brigade and air division as well.

I might mention in that connection that I find it a little difficult sometimes to reconcile the fact that we do listen to eulogistic remarks from members opposite with respect to our armed services and at the same time considerable criticisms of the department as such. Eulogistic remarks with respect to the service should be, and I think are, the principal test of the effectiveness of the department itself and of its whole organization. But I would not want the impression to go abroad that the end product is good but that the method of achieving it is bad. I do not think that adds up too well.

The hon. member for Brandon-Souris, in speaking about the auxiliary air force in

which he has such a continuing and deep interest, referred to the way in which the auxiliary force had been dealt with by the Royal Canadian Air Force as being arbitrary, high-handed and without previous consultation. I should like to say that before any decisions were taken with respect to the auxiliary air force the matter was given very careful study and consideration by the planning officers of the air force, and some months ago we brought in all the senior officers of all the auxiliary squadrons, had a long conference here in Ottawa and explained our problem and studied theirs. Since then we have endeavoured to the best of our ability to make sure there was not any arbitrary action taken or any decisions made without the ground for them being well known and appreciated.

The hon. member for Digby-Annapolis-Kings, in his philosophic discussion yesterday which was very enjoyable, mentioned that probably the main usefulness of the early warning radar lines is to enable the strategic air command of the United States to get off the ground. I do not dispute that that is the principal reason, but I should like to keep along with that in the public mind the other subsidiary aims which are of very considerable importance. A secondary deterrent purpose of this line is to alert our defence forces so they may, in turn, counter-attack the attacking forces. This may blunt any attack that may be made. We know—I think the percentage is correct—in the German bombing raids in the second world war that when the losses got up to something like 15 per cent of their planes the bombing raids practically ceased. The fact that we have this line and the fact that we would be enabled, we hope, to inflict great losses on any attacking forces, must have a deterrent effect on the plans of any potential enemy.

The other secondary object of the radar line is to alert the civilian population and the civil defence authorities.

I notice the hon. member for Kamloops is not here, so I shall not attempt to add to his confusion about the three ammunition depots at Kamloops and the two fire brigades, but I will be able to work the situation out with him. As a matter of fact it is under consideration, and I had hoped to have a detailed answer.

Mr. Pearkes: He is attending another committee this afternoon.

Mr. Campney: Yes, I understand that. The hon. member for New Westminster gave some figures yesterday. I had no advance notice of them, but I have asked to have them looked into. We try to keep the pay for our civilians in line with the going rates in their locality. It may be that, although that is the target toward which we strive, in some cases we fall behind before picking up the slack. On the other hand I notice we have not had much trouble getting all the people we want. They seem to regard our service as not too bad.

A little while ago the hon. member for Calgary North referred to the number of civilians at defence headquarters, and asked for the number of service officers and other ranks there. The total figure for service officers and other ranks at national headquarters is 2,845, comprising 1,657 officers and 1,188 other ranks. I should like to observe in that connection, because I noted his critical remarks about headquarters, that, after all, headquarters does have to look after not only the 116,000 to 117,000 service personnel and the 54,000 civilians, but they also have the reserve forces of some 56,000 in the three services; a ground observer corps of over 80,000, and over 100,000 cadets. Altogether, therefore, in our many activities there are more than a quarter of a million persons being supervised by headquarters, and that requires a substantially larger staff than one might have if there were just the regular forces. We must also recognize that it would be a very poor attempt at economy, shall I say, if we were to try to make small savings at headquarters to the detriment of this vast number of people we have to oversee.

With reference to his remarks about tri-service activities, I can assure him I recognize some of the points he has mentioned and we are trying and are succeeding rather slowly, perhaps, to get improvement in tri-service activities. I think it is generally recognized now that the tri-service principle is a good principle. Events are probably pointing more and more to the principle, but we have to assimilate changes as we make them.

The hon. member for Calgary North, who has served in one of the services, knows that if you want to get full support of the services they have to be convinced that any change is in their own best interests as well as in the best interests of defence. I am not pessimistic in my feelings about tri-service development. I noted his suggestions with respect to certain specific cases which he thought should be expedited. We are working on one or two phases at the moment, and we shall continue to work on them. I hope we will achieve some results.

Mr. Churchill: Since the minister is answering questions, will he answer my question regarding the armoured personnel carrier? Is it a figment of the imagination, or is it on the drawing board, or is it in production?

Mr. Campney: I made inquiries about this and I have not a detailed or final statement, but I think it is approaching the prototype stage. Work has been progressing on it for some time.

While I am on my feet there is another matter in which I know the hon. member is interested, because he mentioned it last year. He expressed the view that we ought to have a one-volume history of world war I. Now that the editing and writing of the second world war history is practically complete, I have given instructions to Colonel Stacey to prepare a one-volume history of world war 1.

Mr. Churchill: I had a speech ready on that, so I shall file it away.

Mr. Herridge: I was called to the phone for a minute and unfortunately did not hear the minister's reply to the questions. Did the minister reply to the question I raised this morning?

Mr. Campney: No, I have not as yet.

Mr. Robinson (Bruce): There is one matter I should like to mention in this debate and draw to the minister's attention, and that is the equipping and dressing of cadets throughout Canada. I bring this up because I have received a letter from the principal of the high school in Kincardine. It is a very short letter, and I should like to read it:

> Almost every high school in Ontario which has a cadet corps is experiencing the same problem as we are in the Kincardine district high school. Each cadet corps is assigned a quota of cadets and all equipment is issued on the basis of this quota. The assignment quota is very frequently slightly higher than half of the number of boys in the school. Thus it is difficult to outfit and equip all the boys who take the cadet training.
>
> For instance, in the Kincardine district high school we have 108 boys, while our cadet quota is 67. Thus you see that our issue of 67 uniforms is insufficient to dress all the boys of the school. Other schools are affected similarly.
>
> This situation exists for the following reason: Army headquarters in Ottawa decided that there would be a fixed number of cadets in Canada, (65,000 I believe) and finances are provided to equip and train only that number. This national quota of cadets has not been increased to keep pace with the increased inrolments of the secondary schools in Canada.
>
> Knowing that you are vitally interested in the defence of Canada and knowing that you are aware of the value of cadet training in maintaining this defence, may I suggest that you request the Department of National Defence to have army headquarters increase the national quota of cadets to such a number that all high school boys in Canada can be properly equipped to take the cadet training.
>
> Yours very truly,
> (sgd.) G. V. Thornicroft.

I might say that our district is in rather a unique position in that in two world wars we sent many men to the army, navy and air force. We have had a unit in Bruce since the old 32nd regiment was there at the time of the Fenian raids into Canada. But in the reorganization a few years ago our unit was taken away and at the present time our armoury, which was a good one compared with the average, has been sold. In view of the fact that the enrolment in the secondary schools has increased, this principal is not asking for anything out of the way. I know we all agree that cadet training is something that can be very valuable to future service in the army, navy and air force.

I would ask the minister to give consideration to raising the quota. I would not suggest that 100 per cent of all who want to serve should be admitted, but I do say that a quota of 65,000 for the Dominion of Canada at the present time is not large enough.

Mr. Campney: I might just observe that the ceiling on the number of cadets has recently been raised from 65,000 to 75,000.

Mr. Robinson (Bruce): That is a little better, but it is still not enough.

Mr. Brooks: Mr. Chairman, the minister mentioned a matter on which I would like to say a few words, namely the selection of the armoured regiment. We have an armoured regiment in my own town of Sussex with which I am sure the minister is familiar. I refer to the Princess Louise Hussars. I doubt whether any regiment in Canada—in fact I know there is no regiment in Canada—has as splendid a record both in war and peace as the Princess Louise Hussars. It has become a yearly habit of theirs to win trophies at camp, both for the quality of their training and also for the number of men they have taken to camp.

This regiment has a very long history. It is one of the oldest regiments in Canada. It was previously a cavalry regiment, organized a good many years ago. It was changed into an armoured regiment just before the second world war. They sent large numbers overseas in the first war; they were overseas in the second war as an armoured unit and gave a splendid account of themselves. They have carried out their training since the reorganization after the second world war.

As I said a moment ago, at Petawawa and in other camps in which this unit has been training every year, they have won practically every trophy which has been given for excellence in training, and I hope when the selection is made the minister will keep in mind what is undoubtedly the best militia armoured unit in Canada today. At the present time this unit is well officered. I know most of the officers; they come from my constituency. The unit has a great tradition and a great record.

I should like to have the minister's attention for a moment because this is a very important matter so far as I am concerned and so far as the unit is concerned. They have a great tradition and a great record. I know of the enthusiasm of the men. I should like the minister to intimate just when the selection will be made and tell us what units are under consideration, or how the selection will be made when it is made.

Mr. Campney: I cannot think of anything from the point of view of my own peace of mind in the future that would be less desirable for me to say.

Mr. Brooks: I should think it would be a very easy choice.

Mr. Mitchell: Mr. Chairman, I should like to say one or two words following the remarks made by my colleague the hon. member for Middlesex East, and arising out of the statement the minister gave on June 20 having to do with the reorganization of the auxiliary squadrons of the air force.

At the outset I would like to say I recognize the practical problems which the minister and the department face and faced up to. Certainly we cannot expect to have auxiliary squadrons flying the latest types of aircraft in every small city, town and hamlet across the country and at the same time hope to reduce our defence expenditures. But I would like to reinforce the remarks made by my colleague to the effect, as is no doubt recognized by the minister, that London has been a garrison town for many years, ever since the days of Simcoe and before. Only this past spring the minister himself was invited to be present at an anniversary parade and gathering of a very famous regiment which is one of several with headquarters in London. Just previous to, during and since the last war, the air force came into its own and became a power in the London district. As a matter of fact this airport, which houses auxiliary squadron No. 420, is still the first port of call in Canada of many of the young men who are sent here for air force training by our NATO partners.

I should like to suggest to the minister only one thing. By taking this active flying unit and turning it into a squadron for aircraft control and warning he has done something which if he carries it out, will discourage all those who have participated in the flying training of that squadron, and he will discourage to a great extent the interest of the young people who have grown up in London with the knowledge that at a certain time in their career they could offer their services to that squadron in a flying capacity. Aircraft control and warning, as I think the minister will agree, is perhaps not the most interesting or enticing type of work to which we can attract the youth of our country who are interested in flying.

I would suggest that one of our greatest needs is transport squadrons. That was recognized by the minister in his speech on June 20, when he announced at page 5210 of *Hansard* that the Calgary squadron will become a light transport auxiliary squadron. We have the facilities at Crumlin airport to operate a light transport auxiliary squadron. As a matter of fact, the minister will recall certain conversations which have been going on among his department, the Department of Transport and the minister responsible for T.C.A. with respect to that self-same airport. It was as a result of the intervention of the Department of National Defence, in fact, that the runway was extended at some considerable expense to enable 420 squadron to land its T-33 trainer.

I am not going to press for one minute for the continuation of 420 squadron as a jet training squadron, but I suggest it would be most suitable to become a light transport auxiliary squadron, so we can maintain the flying interest that exists in London. The minister is well aware that not many miles to the north there is a regular flying training base to which not only Canadians but persons from all the NATO countries come for their flying training. May I therefore just add my word to the many words that have already been addressed to the minister in the hope that we may retain 420 squadron on some basis as a flying training squadron.

The Deputy Chairman: Shall we proceed to the discussion?

Mr. Harkness: Mr. Chairman, I was disappointed that in his reply the minister did not make any real attempt to meet the criticisms which have been made with regard to the necessity for the reorganization of our forces, and particularly the reorganization of national defence headquarters. I refer to the criticism that it has become a cumbersome, overblown organization which is inefficient and ineffective and would be completely useless to carry out its activities in the event of war.

Mr. Campney: I do not think that is the case at all.

Mr. Harkness: Earlier today the minister merely said that in his opinion that was not the case. However, it is the opinion of people who should know and who have given evidence in regard to the matter.

As I said earlier, it has been the opinion of every retired senior officer who has served at national defence headquarters since the

war with whom I have talked concerning this matter. I have not spoken to a single retired officer who has served there who did not agree that there is a terrific waste of manpower and a terrific duplication, triplication, quadruplication and multiplication of staffs, with the result that a great deal of paper is simply passed from one department to another. They are kept busy taking in each other's washing. They have indicated it is the type of organization which because of the very form in which it is organized cannot function effectively.

The minister made no effort whatever to meet that criticism. He has not even given us an indication that he would undertake an investigation of defence headquarters with a view to making it a better type of organization. I mentioned five or six instances of triplication or quadruplication of staffs which exist there at the present time, and which I do not believe anybody can defend by saying there is any real need for them. One of these is the medical service, where we have three directorates with a brigadier or the equivalent at the head of each. When we come to the dental service there is only one directorate and one staff instead of three, and they carry on the whole dental service for the three forces quite effectively and efficiently. I see absolutely no reason why the same thing cannot be done as far as the medical and pay services are concerned, as well as the other services I mentioned, which I shall not take time to repeat.

The minister has made no effort whatever to give any answer to the criticism or to give any assurance that a study will be undertaken. When we discussed these estimates before I suggested the possibility of the appointment of a royal commission such as the Otter commission of an earlier day, or the Esher commission in Great Britain, to make a study of the defence set-up and offer recommendations to the government and parliament as to the changes which could be put into effect in order to make a more efficient and better functioning organization.

I strongly deplore the fact that the minister is apparently prepared to let this matter drop. He pays no attention to our requests and disregards the criticism as far as his replies are concerned.

The Deputy Chairman: Shall we proceed to the calling of the headings?

Mr. White (Middlesex East): Mr. Chairman—

Mr. Harkness: Mr. Chairman, I would like to ask again if the minister really has nothing to say with regard to what I consider is perhaps the most serious consideration of the general national defence set-up and organization at the present time?

Mr. Campney: Mr. Chairman, notwithstanding the strongly held opinion of my hon. friend, with which I do not agree, I may tell him, if it will help to satisfy him, that the civil side of national defence headquarters is always under study, and if he looks at the figures I think he will see the numbers are down a little this year; not much, but slightly. We have committees studying the matter; we have the civil service commission and the treasury board and our own committee; therefore the civil side is constantly under surveillance. I am just as anxious as the hon. member that we save money without producing inefficiency.

Now, with regard to the service side, the creation of a tri-service group, one group functioning for the three services, is desirable and has every merit but it is not as easy as it sounds, because there are many different factors which obtain in different services in respect of their respective classifications. One of them is in regard to the medical service. We are having studies made concerning this. I do not wish to have the hon. member give the impression to this house and the public that I have no interest in these things. I know they are being studied and that work is being done on them. I do not know how the hon. member can say he knows that what somebody else says is correct and what I say is wrong; I do not know how he arrives at these conclusions. I do say, however, that I feel if national defence headquarters were put to the test, having in mind the quarter of a million people who are more or less under its jurisdiction it would be found adequately and properly set up to meet the test. Perhaps it could take care of its obligations with some fewer people. That is a thing we are always anxious to establish; but I just cannot allow the hon. member to get away with the statement he has made that everything is out of line, because I do not think it is.

Mr. Harkness: Well, Mr. Chairman, all the minister does in this connection is to state his opinion.

Mr. Campney: All you have been doing is stating your opinion and other people's.

Mr. Harkness: He continues to state his opinion that everything is all right. Of course I am stating my own opinion and I have been stating it in regard to this matter for years, but I am also stating the opinion of General Simonds, who should know about these things better than anybody else; and his opinion is made quite clear in the articles he has

written on the matter. I am stating the opinion, too, of General Macklin, who has also written articles with regard to this matter. I am stating the opinions of a number of retired senior officers who have had considerable experience at national defence headquarters. As I have said, I have not spoken to any one of them who did not hold the opinion I have expressed. Therefore I am prepared to accept that as being the fact rather than accept the opinion of the minister.

In addition I have mentioned half a dozen specific instances to which the minister has been able to make no reply whatever concerning the duplication of staffs and the wastage of manpower and money with the resulting lack of efficiency. For example, there are six chaplains, as I mentioned, with about 240 chaplains to look after; but we have a full colonel and staff for each service in the Protestant and Roman Catholic denominations. Although there are six directorates, I think any reasonable man would say that two would be more than ample.

Concerning the medical services, the minister says there are difficulties in amalgamating them as has been done in the case of the dental services, but we have not heard what the difficulties are and I do not think they would be very great. As a matter of fact, until not very long ago the medical service for the army and the air force was carried on by the army. At one time they were united; then they were split up for no good reason, as far as I have been able to learn. The same thing applies to the pay service and other services. The minister just says that in his opinion there is not much that can be done. That is no answer to these criticisms, and particularly it is not an answer to these specific cases.

Mr. Pearkes: Mr. Chairman, might I suggest a specific case where I think amalgamation of the three services could be very easily worked out. That would be the provost corps, where we have provost marshals in the three services and we have shore patrols carrying out the same sort of duty that is carried out by the military police. I suggest to the minister that there is a service where I do not think any serious difficulty would be experienced in bringing about amalgamation.

The Deputy Chairman: Do I take it that the committee is agreeable to proceeding to the calling of headings? In order that we may understand the procedure, may I point out that item No. 235 is one item in the estimates and has to be carried or finally disposed of as one item. If it is generally agreed by the committee I shall call each subheading in the details, and when the discussion on that has been exhausted we shall proceed to the next. After we have gone through all the details item 235 will then be submitted to the committee. Hon. members will find the details commencing on page 305 of the blue book, and I would propose to call each heading and subheading in the order in which they appear. Under defence services the first item is departmental administration.

Mr. Pearkes: I notice there is a new appointment of a superintendent of manpower and establishments with a salary $9,000 per year. Would the minister indicate the duties of this officer, who I presume will be a civilian? While on the question of manpower, because I imagine the superintendent of manpower and establishments will have something to do with the adjustment of the various establishments in the different services, I should like to quote the remarks made yesterday by the minister, as reported on page 6119, of *Hansard* as follows:

> To begin with, a peacetime maximum strength figure is not a target to be reached as an end in itself. Rather, it is a means to an end, a planning limit within which the services agree to work out the details of their programs to enable us successfully to carry out our commitments.

I would assume that in the past agreement was reached among the chiefs of the general staffs in connection with the manpower ceilings, because I presume they would be the only ones who could advise whether the numbers which were authorized would enable them to carry out their commitments. I should like to ask whether it has been the practice in the past to consult the chiefs of staff regarding the ceilings set on the three services, whether this was discussed by the cabinet defence committee when the chiefs of staff were present, and if they gave their concurrence in the decisions reached.

Mr. Campney: I shall deal first with the position of superintendent of manpower and establishments to which the hon. member referred. This is not an entirely new position, it is a consolidation of two senior administrative positions which were established some years ago. As they were established, one of these positions co-ordinated all matters relating to pay and allowances while the other had to do with the financial aspects of the establishments. One man is now doing these duties which are related to the economic and financial aspect of the manpower employed by the department other than those on the military side. This gentleman is concerned with

ensuring that the ceilings for the use of manpower, particularly civilian manpower, are adequate. He is primarily concerned with the civilian units at headquarters.

Mr. Pearkes: He does not deal with the actual military establishment?

Mr. Campney: No. Dealing with the second question having to do with ceilings and my statement which the hon. member quoted, the ceilings are arrived at, first, by taking cognizance of what we regard as our obligations to NATO, to ourselves, the mobile striking force and various other factors in our defence. The number of people required for the carrying out of these duties is considered and in that connection the chiefs of staff are consulted. There are discussions with them and with departmental officials concerned.

The hon. member will appreciate that each service is anxious to have considerable leeway, and that is the point at which I enter into the picture. We finally arrive at the ceilings. The background behind them is to try to determine—this does not mean that they cannot be changed—the number of people required in each service to fulfil what we consider would be their obligations to the Canadian people, their commitments to NATO and so on. It is the result of a combination of studies. Sometimes there has to be a reconsideration of the over-all picture, but we have not had very much trouble about it. It has been worked out pretty unanimously.

Mr. Pearkes: Do I have the minister's assurance that the final figure reached for the various services would be presented to the chiefs of staff, who would have an opportunity of expressing their opinions to the minister or to the defence committee of cabinet that the figures given were either adequate or inadequate?

Mr. Campney: Yes.

Mr. White (Middlesex East): On page 26 of the white paper, paragraph 89, is to be found the following:

> In order to enable station commanders and senior officers to devote more of their time to the operational duties at R.C.A.F. stations, a special administrative course has been organized at London, Ontario, for junior officers.

The University of Western Ontario located at London has a business administration course which is considered one of the finest in Canada, and I am wondering why a special administrative course has been organized by the R.C.A.F. at London. Is that carried on as part of the university work? How many men are attending that course?

Mr. Campney: I visited London a couple of years ago, and my recollection is that the course is not connected with the university. It is a course especially organized by the R.C.A.F. to meet its needs. I am sorry I cannot at the moment give my hon. friend the number of people attending, but when I was there the number was substantial.

Mr. White (Middlesex East): Would the minister look into this and advise me definitely?

Mr. Campney: Yes.

Mr. White (Middlesex East): As the university already has a business administration course I think that should be taken advantage of.

Mr. Hamilton (York West): Mr. Chairman, perhaps the committee will permit me to read one paragraph of what I said last year when we were discussing defence estimates. I quote from page 4895 of *Hansard* for June 16, 1955, as follows:

> I would think as well that there could be considerable savings in the defence estimates. The hon. member for Esquimalt-Saanich said that at no time did we advocate a cut in defence expenditures at the risk of our national safety, but we appear to be continuing the well-defined program that is ever present in the defence services. In looking over the estimates it would appear we are holding the line on top level appointments, but the empire builders are still at work. The estimates disclose a continual increase in the number of office boys, stenographers, cleaners, helpers, clerks of all grades, chauffeurs and messengers. In one place I even noticed an increase in the helper column from 422 to 1,220.

I think it can be said at this stage that although the minister has indicated that some studies are going on, the reductions are so small they can hardly be found. It would appear that any reductions that are being made in the employment of these categories of persons are taking place in the same places where we are reducing the number of military personnel, and there does not seem to be any indication, on looking through this book for this year, of any type of efficiency examination to see whether the proportion of civilians employed to the number of front-line personnel, if that is what you want to call them, is being reduced.

I am not going to mention at this particular point the places where I checked the numbers and added them up. It is true that there is a decrease in the number of civilians in relation to the army but it is true at the same time that there is a general decrease in the number of personnel in the army. What I would like to know is what type of investigation is taking place within the department to ascertain: (a) whether the greatest efficiency is being attained by the civilians who

are working with the military personnel; (b) whether there is duplication of effort in connection with the personnel who are employed; and (c), and I think this is quite important, whether the civilian personnel who are being employed are being given all the necessary equipment to ensure that they can do a good job.

The minister has said that some of these things are matters of opinion, and I am giving him mine. Naturally, until such time as we can have a committee and examine outsiders in connection with these problems, we are all going to be talking opinion and nothing else, but I know for a fact—and I am not going to disclose where you get this information—that there are people in that department who still have to write letters in longhand. Why are they doing so? Because the personnel employed cannot take shorthand. The officers there are writing letters still, in 1956, in longhand and then sending them to somebody to be typed. If that sort of thing is rampant throughout the service, then obviously we are going to continue to have more and more of this type of personnel.

Summing up in connection with this particular item, I say that those three points I have mentioned should form part of the terms of reference of whatever group examines the efficiency standard of the department. In connection with their duties, they should be asking themselves at each stage what does this particular person contribute to increase the efficiency of our national defence? That is, are they filling a role which is going to ensure that the Canadian people generally are better off?

I am not going to refer to that incident about the dancing classes, but I say that if you are constructing a certain project, if you are going to build a dance hall somewhere—if that may be used as an example—then we are entitled to know what particular function that construction performs in connection with our over-all safety. If you can come back to us and say it is a question of the morale of the troops, that it is needed for that purpose and that unless you have good morale you cannot have good defence, then you may have a very firm answer; but each expense should be examined on the basis of what contribution it makes to the over-all defence, not to the over-all creation of employment for a great many people with no particular contribution to make.

In closing I should like to ask the minister what does his committee that makes these surveys continually—I think he used the word "continually"—do to see whether improvements can be made? How often do they meet, to whom do they report and what have been their recommendations?

Mr. Campney: The continuing committee consists of a representative of the department, a representative of treasury board and a representative of the civil service commission. They continually assess the material with which they are provided and for which they have asked, the duties and details of organization, and they make their recommendations once a year. I understand that the last complete assessment of national defence was finished in September of last year. They are now engaged on a further study for this year.

I should like to mention one other matter not entirely relevant, perhaps, but I sometimes find it difficult to compare the number of positions year by year. There is a continual change in the nomenclature which I find confusing. I look at one part of the estimates of a particular branch and I find, for example, that last year there were 10 helpers and this year there are 16, and then I find that certain other classes have disappeared. They have been reclassified and this changes the totals of those classes without changing the aggregate. But I feel reasonably assured that the duties that are carried on, on the civilian side—and that is what the hon. member was speaking of—are thoroughly gone over.

The treasury board is very zealous in its efforts to prevent the spending of money. I know that submission after submission that goes from my department—and I understand from other departments, too—to treasury board is referred back for further information, sometimes several times; and sometimes it is turned down completely. They are there for that purpose, and I am not quarrelling with their decisions. Treasury board has a representative dealing with the department, who knows the set-up and the duties people have to carry out in different branches.

Then there is also a member of the civil service commission who is supposed to have expert knowledge of the relative salaries, the duties performed for the salaries and so on. And there is our own representative, who is familiar with the personnel side of the department. That committee is not a rubber-stamp committee in any sense of the word. It works strenuously at its duties and recommends many changes. Sometimes it cuts down staff or recommends reclassifications. What I am trying to say is that the staff is under constant survey.

Mr. Hamilton (York West): Is this committee continually sitting? Is it a permanent group? Does it have regular meetings?

Mr. Campney: I am informed that last year it had between 25 and 30 meetings. Whenever they have material with which they wish to deal and on which they wish to make some decision, a meeting is called. Last year I think there were 27 meetings of this committee. In the meantime their work is going on, material is being provided, questions are being asked, answers are being obtained.

Mr. Hamilton (York West): This sounds very much like what I would call a house committee, though not in relation to this chamber. It seems to me that though it may come from various branches of the government, that would be a very appropriate term. Industry today pays a great deal of attention to the calling in of people from outside who they believe can assist in improving their efficiency. As long as this is a house committee, I can see that there may be many things passed over, because of jealousy among various people who are on the committee, that might otherwise be attended to.

Has attention been given to the thought of calling in some outside civilian consultants to look over the efficiency of the department and make recommendations? The reason I ask the question is simply this. You say there is a representative of treasury board on the committee, and that those people are very interested in cutting down total expenditures. That is very fine. On the other hand, they may cut it down on the basis of paying $40 a week to an employee who does not take shorthand instead of paying $50 a week to one who does, and you may end up by having two people at $40 a week doing a job that one at $50 might do. This is not something new. It goes on continually year after year, and I think it might be wise to consult some neutral group and ask them to have a look at the situation in order to see what might be done.

Mr. Campney: Mr. Chairman, the civil service commission member of this committee has access to all the technical experts of the civil service commission and he is supposed to do what the hon. member has suggested, give expert advice with respect to whether this position should be graded in some other way, whether two jobs should be combined, whether this salary is right, and so on. Throughout the government, of course, the commission has a great mass of information, and that is why it is represented on the committee. The commission is supposed to be the employment counsel of the committee and to make suggestions where it thinks matters could be improved.

The Deputy Chairman: Shall we proceed to the next heading?

Mr. Hamilton (York West): No. I should like to ask the minister to have some of his experts inform us how it is that at the bottom of page 306 we find that this year the following items are identically the same: Civilian allowances, $21,500; travelling and removal expenses, $200,000; freight, express and cartage, $150, and postage, $75,000. There is one item here which is different. The item for professional and special services has been raised from $35,000 to $50,000. What explanation is there for the fact that these items are identical with the previous year's allowances?

Mr. Campney: I believe there are 22 items at the bottom of page 306 and the top of page 307, and the hon. member has pointed out that most of them are exactly the same. It must be understood that these are estimates. They are based on the average amount spent over a period of time, and particularly on the amount spent during the past year. If the estimate for the past year has been close to the mark the amount is retained. In other cases there have been changes up or down for one reason or another to meet what we anticipate will be the need throughout the year. I will be glad to try to give the hon. member the explanation with respect to any of those items he may wish. There are what we call bread and butter items that occur year after year, and I have the details if the hon. member would like to have them.

Mr. Hamilton (York West): So that I may tie this right down and be able to use this as an example, you have a total of 776 personnel this year as against 791 in the previous year. That is a reduction of 15. Yet the travelling expenses are identically the same. What method of calculation, having in mind the difference in the number of personnel, brings you to the same figure?

Mr. Campney: Frankly, we do not regard the difference between 776 and 791 as of sufficient magnitude to alter the general figure for travelling expenses, unless there is some other reason. These estimates are only general estimates. Every dollar of that item that is spent has to be properly vouchered within the department. If the amount is of any magnitude it has to go to treasury board and it is, of course, subject to internal audit and external audit. The figure that is shown here, being the same as last year, does not mean that with a reduction from 791 to 776 in the personnel we expect that with 15 fewer people the expenses will be exactly the same, certainly not.

Mr. Hamilton (York West): Possibly I might be allowed to pursue this, because then I will not have to ask the same question every place it comes up. I want to use this as an example. I referred specifically to this type of thing in my opening remarks, when the estimates were considered previously. Surely in connection with this or any similar figure the ordinary commercial practice in handling a budget for a coming year would be to work out on a per capita basis the average amount which must be set aside, that amount having been proven to have been spent for travel over a period of years. Unless your experts just put down $200,000 and did not use their pencils too freely, surely they would have calculated a per capita amount and come up with some figure like $185,500. If you are running a business on an efficient basis that is the way you would calculate the budget for the coming year.

These lump sums are dumped in here all the way through. They come up not just in this item but time and time again. That is why I ask the question now whether there is any particular reason why the ordinary method of calculating something for a coming year's budget cannot be used here also?

Mr. Campney: Take the item to which the hon. member referred, travelling and removal expenses. That is set up to cover the travelling and transportation expenses of the minister, the deputy minister and the other departmental administrative staff when they are required to travel. It is broken down into three subitems in the department. Minister, deputy minister and general administrative staff—except audit—is allotted a figure of $50,000. The main item in this amount of $200,000 is for the staff of the chief auditor, and that amount is $134,000. In recent years that amount has been demonstrated as coming pretty close to the mark for him and his staff in doing the travelling audit. Then there is an item of $16,000 for the people of the bureau of current affairs.

Those are the three heads under which this sum is broken down, and the amounts are based on experience. We have to take two things into consideration. The first is the program envisaged in these items, which are all broken down into many subitems. The second is the experience of the past few years. We then take, based on those considerations, a rough figure approximately what is likely to be spent. With the scale of our operations and the complicated nature of our activities, I think it would be pretty much time wasted if we were to try to change this to a figure built up from detailed figures.

[Mr. Campney.]

In many cases we have a little of the item left over. We try to set up these items so they will approximate what the expenditures are likely to be in the best judgment which the people who make up the estimates can muster. For example, many of these items are more or less constant, but a great many others are not. When we get further along with the items you will see that in the army we rotate a brigade one year and the next year we do not. There are many such factors that enter into some of these items. There are expenditures that recur year after year, and the people who make up the estimates in the first instance have a pretty fair idea of what is likely to be required. They may not get as much as they want, but they tell me first what they think is necessary.

Mr. Hamilton (York West): In concluding this subject may I say that I have checked the general expenditure for travel with regard to the army and I notice that it is down from $19 million to $14 million. I suppose we can assume that is because a brigade is not moving at a particular time. However, I think it is safe for us to say that some warning should be given that somewhere along the line these general figures are not going to be acceptable year after year. The minister said that it was a difference between 791 and 776, but if this policy is pursued I assume it will be the same figure next year when it may be 791 as against 750. In other words there must be a tie-in somewhere between the personnel, the jobs they are doing and the amount of money that is set aside for those various items.

I would think we could safely say this, and it has been commented upon by many members in connection with the discussion of the first item; here we have been asked to sign a blank cheque so far as the total amount being spent by this department is concerned. I think it would be reasonable to say that next year when we come back to take another look at these things some consideration should be given to ordinary accounting practices, figuring out your next year's budget and tying that in some way to the numbers you have employed, the types of jobs they are doing and the amount of money you require for this purpose.

Mr. Harkness: In connection with this matter which the hon. member for Esquimalt-Saanich raised about the director of personnel, which I think the minister said was an amalgamation of two positions which had existed previously—is that correct?

Mr. Campney: Yes, sir.

Mr. Harkness: In addition, there are directors of personnel for the navy, army and air force. It is one of those cases to which I referred in speaking generally, a quadruplication of effort. In order to try to get at the specific point of view so far as a specific matter is concerned, and to find to what extent they duplicate each other's efforts, I should like to know how much has been charged against each of these four offices during the past year for recruiting purposes. This will, of course, involve a considerable amount which was spent for recruiting during the past fiscal year. How much of that was spent by each of these offices, the director of personnel, which we have just mentioned, and the directors of personnel for the navy, army, and air force.

Mr. Campney: I am not too clear as to whether the hon. member is dealing with civilian personnel or service personnel?

Mr. Harkness: I am dealing essentially with service personnel. This director of personnel which the minister mentioned deals, he said, with both civilian and service personnel.

Mr. Campney: No, I said he dealt only with other than service personnel.

Mr. Harkness: I understood you to say he dealt with service personnel.

Mr. Campney: No, certain personnel on the civilian side; not service personnel.

Mr. Harkness: He has nothing to do with recruiting at all?

Mr. Campney: Nothing at all. His job is to evaluate the jobs, see that they are being adequately carried out and see that there is no waste effort; that people are working in the field in which they are supposed to be, and so on. It is felt that by combining the two positions to look after the two sides of this matter, the one official can get a better picture of the civilian side. This is purely a civilian matter. I would be glad to deal with the hon. member's question about service personnel when we get to that subject.

Mr. Harkness: I misunderstood the minister. He said "certain" and I thought he said "service". I shall be glad to deal with the question when we come to the military item.

Mr. Pearkes: There is a new item, acquisition and construction of buildings, $200,000. Are you building a new headquarters?

Mr. Campney: Practically all of that sum is for preliminary planning for the new headquarters we hope to build some day.

Mr. Pearkes: Have you decided yet on a location?

Mr. Campney: No; we are labouring on that, and it is considerably mixed up with the green belt at the moment.

The Chairman: Is departmental administration completed?

Mr. White (Middlesex East): No. I wonder if the minister is in a position to answer my question regarding the $2 million expenditure for fire-fighters?

Mr. Campney: The hon. member asked two questions, and probably I could deal with both of them now. He asked about the junior officers' course at London. I answered part of it, but I could not give him the number. Apparently it averages about 40; it does not involve the university. We do, in addition, send one or two senior officers there for special courses each year.

The Department of National Defence fire losses was the other matter about which the hon. member asked. Would the hon. member want to have the figures by years or the average?

Mr. White (Middlesex East): By years.

Mr. Campney: They are as follows: 1950, $1,171,515; 1951, $1,471,709; 1952, $3,077,362; 1953, $1,539,329; 1954, $5,132,914; 1955, $4,330,956, or an average yearly loss of $2,739,964.

Mr. White (Middlesex East): Is there any insurance carried on military establishments?

Mr. Campney: No, we do not carry insurance.

The Chairman: Is departmental administration completed? Inspection services.

Mr. Hamilton (York West): I wonder if the minister might outline for us the liaison which exists between this branch of his department and the Department of Defence Production which ordinarily lets the contracts which I assume come under the scrutiny of this inspection service.

Mr. Campney: The chief of the inspection services, Mr. Chairman, assures me that there is not only complete liaison but continuous liaison between the two at all levels and in all types of work, for the simple reason it has to be so. An inspection takes place of an aeroplane, for instance, that is being constructed, and it has to be acceptable at each step of the work. Our inspection staff, of course, is the group that finally inspects the product we have to pay for and follows the project with the inspectors of defence production.

Mr. Hamilton (York West): Who sets the specifications for the contracts which are required by the department and which are let through the other department?

Mr. Campney: The Department of National Defence sets the specifications, and then the Department of Defence Production procures, at the cheapest possible cost, materials in accordance with those specifications.

Mr. Hamilton (York West): I assume that practically all the work of defence production is tied in with obtaining, facilitating and moving along the contracts for the Department of National Defence. The minister mentioned working with the inspectors of the Department of Defence Production. Is that an indication of duplication, or what particular reason would there be for inspection by defence production and inspection of the same specifications by national defence?

Mr. Campney: I am in error there. I understand now that our inspectors do all the inspecting, but they work in conjunction with the employees of defence production. So there is no overlapping. Our people do the inspecting.

The Chairman: Inspection services are completed. Royal Canadian Navy, regular force and general.

Mr. Pearkes: Is the minister able to answer some of the questions which were put to him regarding the Royal Canadian Navy by the hon. member for Oxford? The questions were of general interest. The hon. member had to go away to another committee this afternoon.

Mr. Campney: I am sorry but I have not the material to answer these questions offhand. I shall get the answers. A number of them involve considerable detail. If I do not have them ready before the committee deals with this item I shall be glad to see that the hon. member gets them, and anybody else who wishes them. I think there will have to be quite a little searching done to answer some of the questions asked.

Mr. Pearkes: The minister would not have the answer to the one regarding the speed of the frigates, which is of very general interest?

Mr. Campney: I can give some of this information now. It is not quite complete, but it appears to cover most of the points. The original cost of the frigates was approximately $2 million each; that is, for those built during wartime. We do not give out the speed of naval vessels, but frigates have a speed above that of ordinary enemy submarines now in service but probably not above that of the ones which are just being prototyped. Their engines are reciprocating engines.

As for Tribal destroyers, their life after conversion is estimated to be from six years to 10 years. They were constructed during the period from 1942 to 1947. Each Tribal destroyer cost something over $8 million, about $8,180,000.

The hon. member for Oxford asked about the complement of the *Ontario*. The complement is 50 officers and 550 men. The average time spent by junior officers training on board the *Ontario* is three months per year for each cadet, in groups of up to 100 cadets on each trip. There are three cruises a year covering the cadets. The annual cost of operating the *Ontario* is $2,533,000, including personnel. We expect that of the remainder of the 14 destroyer escorts, the last will be commissioned in 1958. We estimate that their ultimate unit cost, outside of armament and electronic equipment, will be somewhere in the neighbourhood of $17 million each.

To come back to the frigates again, they were all built during world war II and their life expectancy is from six years to eight years. I think that covers the hon. member's questions.

Mr. Pearkes: May I ask a question regarding the reserve fleet? What number of vessels have we now in the reserve fleet but not activated and not likely to be activated in the near future, but still kept under a sort of care and maintenance basis?

Mr. Campney: Page 6 of the white paper sets out the strength of the fleet, both commissioned and in reserve. In reserve there will now be—and it is not shown in the book—one cruiser, the *Quebec*, six frigates, 21 coastal escorts, five patrol craft, one repair ship, and 63 auxiliaries and small craft.

Mr. Pearkes: Is not the number of 21 escort vessels rather excessive? There is a good deal of expense in connection with the maintenance of these vessels in reserve. I understand these escort vessels are not likely to be recommissioned again. Could they be declared as surplus to establishment?

Mr. Campney: I am informed that the question of the reserve fleet—and I have not included in these figures the three frigates on loan to Norway—is now under study with a view to determining, bearing in mind the cost involved in maintaining the reserve fleet, whether some of them should not be disposed of. We have not as yet come to any conclusion; it is still under study.

Mr. Pearkes: I would suggest that these considerations be proceeded with, because

not only do they require a certain amount of maintenance but they also take up a good deal of space in our harbours, and there is no use in keeping them.

Can the minister give a brief description of the cruises which have been undertaken by vessels of the Royal Canadian Navy, because I am of the opinion that those cruises are of very definite value in helping to fight the so-called cold war. Naval vessels go to far-away ports, and from what I know of the ships' companies of these vessels, I am sure they give a good account of themselves.

Mr. Campney: I am sorry, I have not the particulars of cruises that were made last year. They were fairly numerous. We are not unmindful of the fact the hon. member has mentioned. We wish to keep our ships known on the oceans of the world and in the capitals of other countries. It is just a case of balance as to how many of these cruises should be made, because the cruises are useful for the training of cadets and men. Another thing; if we had too many cruises it might prove too expensive. But we are not unmindful of the fact that it is desirable sometimes to show the flag in other parts of the world.

Mr. Pearkes: I think it would be interesting if the minister could at some later time give us that information. I want to ask a question regarding the magazine at Rocky Point. No doubt the minister is expecting me to ask some questions regarding the construction of the jetty at that magazine. I put some questions on the order paper earlier in the session. I was given advice as to the cost of that jetty, which was very considerable.

It was also pointed out in the answer I received that no Canadian naval vessel is capable of berthing at that jetty. All ammunitioning and de-ammunitioning has to be carried out by lighters which have to be brought from the port of Esquimalt, and during stormy weather it is impossible for those lighters to carry out the task they are required to do.

It does seem ridiculous to establish a magazine in which naval ammunition is stored—and the expense of that naval magazine was very heavy, running into millions of dollars, I believe—and not to have a pier or jetty at which naval vessels can tie up and carry out the simple process of ammunitioning or de-ammunitioning. It is almost prehistoric to think of putting ammunition from a vessel into a lighter and then bringing the lighter alongside the jetty and handling the ammunition again. I have seen the jetty myself; it is an expensively constructed jetty with cement piers and that sort of thing. I would ask the minister what are his plans in that respect, and if we are to write it off as simply having been a bad choice of site or bad construction?

Mr. Campney: Mr. Chairman, the Rocky Point ammunition jetty is not inoperable; it can be tied up to by small vessels. It is not unusable all the time, but under certain weather conditions ammunition has to be handled by lighters.

Mr. Pearkes: May I interrupt at this point. From the return I received I learned that no Canadian vessel has ever carried out the task of ammunitioning or de-ammunitioning from the jetty.

Mr. Campney: The information I have is that it can be done.

Mr. Pearkes: But apparently it has not been done yet.

Mr. Campney: I think the trouble basically arose out of the fact that when the jetty was constructed, it was found for engineering reasons to be so expensive that it was not built to the full length anticipated. Since the ammunition depot has been established the senior officers at Esquimalt have been making a study of the matter. They have evolved several alternatives, and they are making that study with cost figures as well. When that has been completed I shall take a new look at it and so will the officers at headquarters. I think at the moment the situation is substantially as it has been described by the hon. member, but I do not think it can be left in that state.

Mr. Pearkes: Does the minister recall the cost of that jetty?

Mr. Campney: $234,421.

Mr. Stewart (Winnipeg North): Mr. Chairman, can the minister give the committee details of the transactions within the special account which are expected for this year, the special account being that one which has to do with the transfers under mutual aid?

Mr. Campney: Perhaps the hon. member would leave that until we get to the army and mutual aid element, because the army accounts for most of the money.

Mr. Stewart (Winnipeg North): Yes, I know that; and the air force, too. If I can obtain the answer later on, that will be all right.

Mr. Thomas: A few minutes ago, Mr. Chairman, the minister was giving the facts concerning the destroyer escorts and the light cruisers which I presume are expected to

be commissioned sometime in 1958. I would like to ask the minister how many of the 12 destroyer escorts that are being commissioned at the present time are actually operative at the moment?

Mr. Campney: They are all in commission.

Mr. Thomas: Last year when discussing these estimates the minister indicated that the department was experimenting with helicopters as an anti-submarine scouting weapon. Would the minister care to report whether or not they have been found successful, and what have been the results of those experiments?

Mr. Campney: A considerable number of experiments have been carried on throughout the past year and they are still being carried on, particularly from smaller ships, which is rather a new departure, so I am able to report that the testing of helicopters for naval operations is going on.

I may say that we also have under way a study with respect to helicopters for the three services in order that we may try to avoid duplication in the services of the same type of helicopter. We are trying to determine in what particular field of each service they can be used. We hope to arrive ultimately at a decision as to how many we should have in each service. Of course in this connection the navy is being given every consideration.

Mr. Thomas: So far, then, you have not come to any definite conclusion as to the value of helicopters as an anti-submarine weapon?

Mr. Campney: We have not come to any final conclusion, but I think I can say the experiments up to date have been very encouraging and we anticipate there will be a use for them.

Mr. Harkness: Mr. Chairman, a short time ago I think the minister said that the cost of destroyers of the St. Laurent type was $17 million, excluding armament and certain electronic equipment; is that correct?

Mr. Campney: Yes, sir.

Mr. Harkness: I wonder if the minister could tell us what the armament and electronic equipment will amount to; in other words what will be the total cost? I think that was the question asked by the hon. member for Oxford.

Mr. Campney: I am informed that the total cost of armament and electronic equipment for the destroyer escorts will be somewhere around $6 million for each.

Mr. Harkness: The total cost will therefore run to $23 million each?

Mr. Campney: Approximately.

Mr. Harkness: Referring to the matter of the frigates, the minister said they were equipped with reciprocating engines. Are these new engines or the same engines that were in the frigates before, to which certain modifications have been made?

Mr. Campney: They are the same engines that were originally installed in the vessels. I am informed the theory is that the life of the engines and machinery is usually just about the same as that of the hull.

Mr. Harkness: Is there any possibility of increasing the speed of the engines and thereby increasing the efficiency of the frigates so they would be equal to the task of chasing the most modern Russian submarines?

Mr. Campney: The question of boosting the engines—I think that is the term used—is one which is under study.

Mr. Harkness: There is some possibility that the speed could be further increased, is that correct?

Mr. Campney: There is a possibility, but I would not want to hold out that hope because we do not know yet; we have not had our study carried sufficiently far to have determined this fact.

Mr. Harkness: If there is such a possibility I think the situation would be better than it appears to be at the present time, when we have these frigates which will have a life, as I take it from what the minister said, expiring perhaps between 1962 and 1964 or somewhere in that neighbourhood. They have been reconditioned at a cost of between $3 million and $4 million each. It would seem to me if they are not capable of being further increased in speed that has probably been a waste of money to quite an extent.

Mr. Campney: I am told that the greater part of the cost of modification of the frigates was for new armaments. We must remember that we had to start with what we had in the navy and modernize it, and then work from there into new craft. Most of the money spent on the frigates was spent for armaments and offensive weapons to make them as modern as we could under the circumstances.

Mr. Harkness: I think the situation still exists. It would be somewhat comparable to the air force spending money to modify a Hurricane, which would be a complete waste of money. I do not say that the modification of these frigates is as bad an example as that, but if it is not possible to increase their speed to the point where they can

overtake or at least go as fast as a submarine, it seems to me that we have been sort of throwing good money after bad in modernizing and refitting these ships.

Mr. Campney: In addition to our obligations to NATO and other obligations, and in order to have our complement filled, it was felt some years ago that it would be desirable to make these changes. I think they are justified, as the ships still have several years of life. It is true they are not the most modern or fastest ships, but at least their equipment and armament is modern.

Mr. Harkness: Are they capable of taking a helicopter on board, or using helicopter as a sort of arm to go out from them for submarine surveys?

Mr. Campney: Officials of the department are working on one frigate to test the use of helicopters to see whether it will prove effective. There is some doubt as to whether it can be used, but we are going to find out by rule of thumb.

Mr. Harkness: I am glad to hear that that experiment is going on, because that may well justify the expense.

Mr. Hamilton (York West): I think the answers we are getting here justify the suspicion of the opposition as to the answers it has had previously. The minister stated there was little reluctance in giving us the answers we want. I understood that the minister's first answer was that these ships were fast enough to take care of any present submarine, but that they might not be able to take care of those now under development and being produced. Then later on we got an answer which would indicate that all this is being done to fulfil commitments to NATO. Then we are told that we cannot be given the information as to how fast these ships can go. I think it is fairly well known that if the reciprocating engines are still in them, and I understand they are, they will do about 22 knots. The information to be obtained from *Time* magazine, if you like—you can get it there when you cannot get it from our department of defence—is that Russian submarines now in operation will do about 25 knots.

I think we are entitled to know if that is the case. As was stated a moment ago, we are spending $3 million or $4 million to modernize these ships. What are we spending it for? Are we spending it to live up to a commitment to NATO to have X number of ships in the Atlantic, or are we spending it to produce something for the defence of this country? That brings me back to my basic remark that for each dollar spent we should have some return. If the figures I have given are not correct we should like to know what they are.

I cannot think of any particular security measure that should prevent us from knowing this. It would not put any prospective opponent in a position to know exactly where we stand. I would be inclined to believe that if other nations knew that this type of engine was still used in these ships, and we were told today that it is, they would know exactly how fast they can go. What is the true situation? Did we spend this money to make it possible for these ships to deal with submarines that we know are in the water now? How long will they be useful? It has been stated here that the natural life of a ship such as this is from six to eight years.

Mr. Campney: The whole situation is not as simple as my hon. friend claims. We read that the Russians have submarines that will do so many knots, but we can only surmise that that is so. I think we have gone quite a way toward indicating the general condition of the rejuvenated frigates and our various craft. It is not a case of secrecy for secrecy's sake, but I do not think it would be good business to say that we have so many ships which will go so many knots, that we have so many ships of a certain type that will go so many knots, and thus confirm our whole naval picture. I would be really hesitant to do that.

No other nation does that. We have to surmise from the best intelligence we can get just what is the case, and so do they. If I were to state the speed of such and such a ship as it has been rejuvenated I would be providing excellent confirmation. I do not think that is a desirable thing to do. I have tried to give as much information as I could about our naval ships and I have been glad to do that, but I do not think it would be in the best interests of NATO or of our other obligations to give details of the speed and armament of our ships.

We have to be a little careful about things like that. To give that information would be simply confirming beyond peradventure what information other nations may have about these ships. I am not enough of a technical man to say that you can determine the speed of the ship by the fact that it is fitted with reciprocating or some other type of engine. I do not know whether there is a formula that would give that information. I think I have gone quite a way, and I have tried to meet hon. members in regard to the particulars of these ships. I would not care to get into the question of speed.

Mr. Hamilton (York West): It seems to me that if we pursue this line continually we are eventually going to arrive at the point where defence will be a matter for the government only and not for parliament. It is just another spoke in the wheel. It simply backs up the argument of the Leader of the Opposition that it is time we had a committee where certain of this information could be obtained which might not be made available in the house. I think the opposition should be placed in possession of information which would indicate whether the money is being spent for useful purposes.

To a great extent these things are generally known. The minister said something about a formula. I am sure if the hon. member for Oxford were here there would be no necessity for a formula. Any officer who had served on one of those ships during the last war and who was told that the same type of engine was being used today would be able to give this information. I realize that the ship has been renovated, and it may be that it can handle second-line submarines, and there must be plenty of them in the ocean. In the case of aircraft, we cannot always have a plane to take care of the fastest bomber, but the fastest bomber is not going to be used in quantity. There will be many secondary bombers which will have to be handled.

I say to the minister what I said last year, that I am extremely disappointed in being able to get many answers out of news magazines published in the United States that apparently I cannot get here. I certainly hope that condition does not continue.

Mr. Campney: I do not want to get into a controversy about this matter but I would ask the hon. member whether he puts complete credence in the answers on these matters that he reads in United States newspapers, or any newspapers. I am sure those are inaccurate figures in many cases. All kinds of speculation and all kinds of material are published, but the information is not necessarily official and not necessarily correct.

The hon. member made some reference to the fact that apparently the government is the only group that could be fully cognizant of government policy on defence. I do not see how it could be otherwise. The government has to take the responsibility for its policy on defence and it has to be the judge, I should think, of how much information of the type for which the hon. member is asking it is proper to make available. That applies in every country. It may be a disability from the point of view of members, but if we had a committee examining the defence picture, matters of policy would have to be withdrawn from the committee for reasons which I think are highly justifiable. Otherwise our defence picture in relation to these matters would be an open book, and we would certainly be a unique country if that became the case.

Mr. Hamilton (York West): I certainly do not mean to imply that we had a place in the formulation of government policy, but I certainly think we have a place in the approval of the expenditure of these funds. Unless we know exactly what is being accomplished we cannot be expected to vote or not to vote for the appropriation asked for.

All I am saying is that in true cases of security I do not think there is any suggestion from this side that we should know what is going on, but the minister has said, "Don't believe everything you read in these United States publications." I do not think we do, but what is happening there is this. They have a committee in which representatives of the Senate and the House of Representatives have an opportunity of examining these people, and that is where most of the information comes from. It may be that their intelligence is no better than anyone else's and they do not know exactly at what speed Russian submarines can go, but at least they get some information that would enable them to draw a conclusion as to whether in a case like this the money was justified in being spent for this purpose.

The only other thing I should like to ask in connection with these previous questions is this, now that we have found that the cost for destroyers of the new class mentioned totals, I think, $23 million. Are comparable class destroyers being built elsewhere? Have they been designed from the keel up, as I understand these were—and we are properly proud they were designed and built here that way—and have we comparable figures to show whether in this case we are getting value for our dollars in a ship that will do a certain job? I should like to know from the minister whether he knows of any cases like that. If we cannot get the information, it is another argument for a committee to enable us to get it.

Mr. Campney: I am advised by the naval officials that there are no ships comparable to the new destroyer escort. I am advised that it is the product of a good deal of our own original designing and the best that we could learn from the Americans—as they make their designs available to us—and the British. Out of the three we have built this new destroyer escort which is, we think—

and not only we think, but officials of other countries think—well in advance of anything else now afloat.

I should like to make one other observation about the cost of these destroyers. The hon. member will know very well that the costs of shipbuilding in Canada are very high, relative to the United Kingdom at least and to most other countries, so that, to answer his question shortly, I do not know of any comparable ship against which it could be set in the way of cost.

Mr. Thomas: I should like to say that the picture we have been given this afternoon, as far as the navy is concerned, is pretty bleak. One does not have to read newspaper reports or listen to conjectures or anything else to know that unless these frigates have increased their speed tremendously they cannot possibly cope with any of the more modern submarines or even most of the outdated ones. I can remember very well in the early spring of 1945 listening to one of the ships in our escort group sending back a running account of a chase with a submarine and saying at that time, "We can't shoot it, because we can't catch it." That is exactly the position in which these frigates are at the present time. They have put new armaments in them, new guns, I presume, new depth charges, and so on, but if they can't catch it they can't shoot it. Under those circumstances I cannot see how we could consider those ten frigates as first-line ships by any stretch of the imagination. That would leave us with one light fleet carrier and 12 destroyer escorts as front-line ships at the present time. In the event of hostilities, if we were given the same job we were given during the last war, that would mean we would have just about enough escort vessels to escort two convoys across the ocean. That is a bleak picture.

I would suggest that, rather than spending $3 million or $4 million in putting new armaments, new depth charges and new guns on outdated, outspeeded frigates, it would be better to try to throw that money into something that could do some good. The frigates, unless the speed has been packed up tremendously, cannot hope even to catch up to a submarine of 1945 vintage, and if they could not do that you can see how far they would be left behind at the present time.

I must say that I was in hopes when I saw this that we at last had a few cruisers, ten frigates and so on to rely on if hostilities should break out, but we are told today that one of the cruisers has been put into mothballs, the other is used as a training ship and ten of the frigates cannot possibly be operational, which leaves us with a grand operational navy of about 13 ships. That is a disheartening thing to have to look at.

Mr. Campney: I cannot admit that because the frigates cannot overhaul the fastest submarine we know of they are not operational ships. We are working toward a navy where the balance will be in favour of the fastest destroyer which will take care of any submarine that exists. When we get our destroyer escort program finished we shall have 25 destroyers. I do not think any navy in the world has all its navy in first-line ships. It is a progressive growth from one stage to another. These frigates, which had quite a few years of life in them, were refitted so they would be more modernly armed. I think they could play a very useful part in any hostilities that might arise, even though admittedly they probably could not catch the fastest submarine, if we have the right figure as to its speed. However, I think the hon. member is deprecating the picture a little too much.

Mr. Thomas: Perhaps I was minimizing things, but I should hate to be on one.

Mr. Bell: I should like to refer to two specific matters with respect to the navy item. The first is our shipbuilding program. I appreciate that the Department of Defence Production and also the maritime commission have certain responsibilities in connection with this matter, but I should like to know why it is that our naval construction program cannot be lined up on a year to year basis instead of month to month. We have a shipbuilding industry in Canada, and in the case of the area around Saint John we are dependent on that industry to a large extent. It employs about 1,500 men. This business of handing out contracts every month or two, then causing a serious reduction in employment in the area through cutbacks, and then providing further employment is a drain on the entire community. It may be that some of the larger shipyards do not feel it to the same degree.

I appreciate there are tough decisions that have to be made as far as future plans are concerned, and they have been pointed out this afternoon. But I notice that the minister had this to say, as found at page 6119 of *Hansard* of yesterday:

> There have been no naval developments which were not foreseen reasonably accurately when that figure was agreed on.

He was referring, of course, to the total amount for the navy. I could make a long speech about what I think is wrong with our naval plans. As has been said here and

as I mentioned this afternoon, I cannot figure out for the life of me why we are building such a large escort fleet when we have not got a bloody ship to escort. But that is another story. That is a matter of NATO commitments and of what is going to be done with our deplorable merchant marine. I do want to say that we have to line up the plans we are going to make for our navy on a year to year basis, so that contracts will not be handed out piecemeal from month to month.

A destroyer escort or some other small vessel is allocated to a certain shipyard. We have good shipyards and shipbuilders in Canada for a small industry. They complete the project and the job is done satisfactorily. Then the men are laid off, 500, 600 or 700 men on occasion. They wait around and if they are lucky and the lobbying is successful at Ottawa there is another handout next month. The men are rehired, and so the thing goes on. If what the minister says is true, that they can make plans on a year to year basis and there are no substantial changes, then there is something wrong with some department, maybe defence production or the maritime commission. We have to re-examine this matter if we are going to bring about a proper perspective with regard to our plans for naval shipbuilding, something so necessary in the cold war.

I also want to refer briefly to the seaward defences, particularly on the Atlantic coast. I have brought up this subject for the past two or three years and I do not want to go into the details. We do not have too many details. I understand that the plans are pretty well completed at Sydney, and I have read in the white paper this year and in previous years that Halifax and St. John's, Newfoundland, have been considered. I make a plea for the port of Saint John because I think it is one of our major problems today. We have the new Camp Gagetown in that area, a vital new factor from a defensive point of view.

We all know the importance that our ports are beginning to assume in modern warfare. I have an article here, and there are many others, pointing out the fact that with the modern submarines referred to again this afternoon and the nuclear weapons that will be aboard those submarines, the problem of defending our ports by modern methods has become increasingly serious and important.

I do not have any more to say, but I would appreciate it if the minister would take a moment to comment on the shipbuilding problem and to suggest if there is any way the work can be laid out on a more

definite basis over the full year, so those who are looking to that industry for their future will be able to make their plans. I should also like him to take a minute to say something about what our plans are going to be for the winter ports on the Atlantic coast.

Mr. Pearkes: Before the minister answers that question, may I revert to the problem of the speed of the frigates. We do not have to refer to the United States magazine *Life* in order to ascertain the speed of the various frigates. I have before me what is recognized by all navies as an official publication, "Jane's Fighting Ships", which gives the speeds of all the vessels of all the different navies, including the frigates about which we have been talking. It also gives the speeds of the submarines and the speeds of various British vessels.

It points out in the foreword that in the case of British navy frigates, ranging from ships of 1,000 tons to 2,000 tons, they have a speed ranging from 16 to 36 knots and widely differing armament. When you turn over the various pages you find a description of the tonnage, armament and speed of the various ships. I think "Jane's Fighting Ships" is considered more reliable than *Life*. I do not see why the minister needs to be so frightened of that.

Mr. Campney: I would agree with the latter statement of my hon. friend, that "Jane's Fighting Ships" is more reliable than *Life*, but my advisers tell me that nobody would rely on Jane's either; that the figures are very approximate and that they are not technically relied upon by any naval people.

With regard to what the hon. member for Saint John-Albert said, when we decided to engage in a shipbuilding program—I am speaking entirely from the point of view of the navy—with the Department of Defence Production we did, as everyone knows, plan our construction in certain yards and certain areas some years ago, and it was proceeded with on that basis and is being completed on that basis.

As far as the navy is concerned, when it comes to repair work that is something that is very uncertain. Except for major overhaul you cannot program it, because you do not know when a destroyer is going to collide with a dock or one ship is going to run into another ship, and so on. There is a great element of uncertainty. In addition, there is the fact that on each coast we have our own dockyards which ordinarily take care of most of the work of maintenance and repair, though not all. When we have a congestion of repair work we utilize the services of private yards.

I am not talking about merchant ships, but of the navy. In the first place there is not a great deal of repair work to do, thinking in terms of the number of yards available; second, it is very hard to program what there is, as there is such a big difference between ship construction and ship repair and maintenance.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

The Chairman: Have we completed the discussion on the Royal Canadian Navy, regular forces and general?

Mr. Hamilton (York West): There are just one or two further questions on the navy. Would the minister repeat, if he has said once before, the expected cost of the aircraft carrier *Bonaventure*?

Mr. Campney: The estimated cost of the *Bonaventure,* without her planes, is $26·5 million at the moment. The planes may run close to $15 million, maximum.

Mr. Hamilton (York West): Do I gather from the minister's answer that it is intended to use the newer type jet planes for this job?

Mr. Campney: Two planes, one a jet and the other propeller driven.

Mr. Hamilton (York West): I wonder if the minister might comment on reports which are circulating in the United Kingdom that the ship has had trial runs and there is some tie-up with the necessary speed of the ship for the utilization of jet aircraft? There seems some doubt now as to whether the ship will have sufficient speed for the utilization of this type of aircraft. It may be that some report has been received by the minister, but there seemed to be rumours to this effect in the United Kingdom.

Mr. Campney: I think the hon. member has had information in advance of mine, because I am informed she has not had any trial runs yet.

Mr. Hamilton (York West): Would the minister check up on that to see if there have been reports of that kind, because I have been informed that there have been reports to that effect.

Mr. Campney: Yes, I will be glad to do that.

The Chairman: The next section is royal Canadian naval reserves, on page 317.

Mr. MacLean: Can the minister give the committee some indication of the progress that has been made in the construction of divisional headquarters for the various naval reserve divisions across the country, with perhaps a special reference to the new headquarters being built at Charlottetown?

Mr. Campney: There are two naval division headquarters approaching the point where they will be constructed. One is at London, Ontario. I think that one is out to tender, and with respect to the other at Charlottetown the plans are being prepared. If the money is available I would expect that tenders will be called either late this year or early next year at Charlottetown.

The Chairman: Royal Canadian naval reserves completed? Royal Canadian sea cadets, on page 318?

Mr. Bell: I wonder if it would be all right if I asked a question here about the navy benevolent fund?

Mr. Campney: Well, we are not directly concerned with the operation of the naval benevolent fund, although we are very much interested in its usefulness. I have no objection to the hon. member asking a question, but probably I would not be in a position to answer it.

Mr. Bell: I wonder if the minister could tell me if the amount of prize money which it was decided to put into the naval benevolent fund was completely accounted for; that is, was the entire amount of prize money earned by the Canadian navy generally during the war placed in this navy benevolent fund? I understand there was a statute a few years ago covering this, and I just want to know if the entire amount was placed in the fund?

Mr. Campney: My information is that all that money has been placed in the fund.

Mr. Robinson (Bruce): Can the minister tell us, offhand, how many royal Canadian naval cadets are allowed throughout the dominion? I understand the army were allowed 65,000.

Mr. Campney: I am not too sure of the number, but I will get the answer in a few minutes.

The Chairman: Sea cadets completed, subject to that answer?

Mr. Campney: The number of naval cadets is 10,000.

The Chairman: Canadian army, regular and general, on page 319.

Mr. Pearkes: I would crave the indulgence of the committee, Mr. Chairman, to make a few remarks regarding the Canadian army,

with particular reference to that portion of the Canadian army which is now serving in Europe. I crave the indulgence of the committee in making these remarks and taking up time, because it is exactly a week ago that I spent the whole day with the Canadian brigade in West Germany.

The first message I should like to bring to the committee is one of which I feel all Canada will be proud. It is a message from the civil authorities of Soest. I met during the evening representatives of the town and the province, and I should like to inform the minister that these civil authorities were loud in their praise of the conduct of our Canadian troops and of the very happy relations which existed between the Canadian armed forces and the civilian population in Westphalia where they are stationed. It is obvious that when troops are stationed in a foreign country many difficult problems are presented, but by the co-operation of the German authorities and the good judgment used by the commanders of our brigade, these little difficulties have been reduced to the very minimum.

Second, I should like to pass on the messages of thanks which were given to me by a senior officer of the newly created German army, who expressed his appreciation of the manner in which the Canadian forces were making available to this army, which is still in the making, their instructors and the advice they might give. We are now working with West Germany as a partner in NATO; therefore it is encouraging to know that old soldiers have been placed on the same side. Officers of the new German army frequent our Canadian messes and discuss their problems as soldiers of armies the world over talk about their kindred problems, which are so similar no matter what nationality the army may represent. Also in that same neighbourhood there are stationed units, in fact a whole division, of the Royal Belgian army, and the same happy relations exist between the Belgians and the Canadians as I have described as existing between the Canadian forces and the German civilian population.

I was asked by representatives of those groups to convey those sentiments to the parliament of Canada and I should like, inadequate though my words may be, to assure the minister that the expressions which were made to me were full of sincerity, and that Canada can be proud of the work her forces are doing in the very difficult circumstances under which they are now soldiering in West Germany.

[Mr. Pearkes.]

Then I should like to pay my own tribute to the apparent efficiency of the brigade. I make no apology for saying that our Canadian troops are good. I have been associated with Canadian fighting men all my life, and I know that Canadian troops can be extremely efficient. I am glad to say that our Canadian brigade is well led, that the men are in good heart and well trained, and that the contribution we are making by this brigade group in Western Germany far exceeds the size of the formation for many reasons which I hope to explain later. Not only do Canadians themselves and their commanders consider that they are the very key of the western defences, but that same high regard is held by senior officers of the British and other armies with whom I conversed. I cannot speak in too high terms of the high regard in which our troops in Western Germany are held. There are reasons for that, and I hope I shall be able to explain why it is that our Canadian forces are in such a favourable position.

I do not wish to enumerate particularly the units I saw. Of course I visited my old regiment, the Patricia's, and they were in good heart, but in that brigade there are other units. Unfortunately the Royal Canadian regiment was away on manoeuvres and I was able to see only a very small detachment of them. I did have the privilege of meeting the officers and men of the Royal 22nd regiment, which has a particularly soft spot in my heart. I was closely associated with them during the fighting on the Somme when they gained immortal glory by their attack on the sugar factory at Courcelette, and I had them in my division during the second world war. I was proud to refer to them as my Royal 22nd regiment. They did not have their goat with them, but they had very cherished memories and a very proud and high morale.

After all is said and done, it is the battle honours which are carried on the colours rather than the mascots of a regiment, and it is the names of battalion commanders of bygone days who inspire the esprit de corps of the unit. Names such as Tremblay, Vanier, Percy Flynn, old man Poirier, Bernatchez, Triquet, are household names not only among the Royal 22nd regiment but also throughout the whole of Canada. If by any chance the remarks made from this side of the house earlier today were interpreted as in any way casting any reflection upon the Royal 22nd regiment, I must say that those remarks are not shared by the majority of members on this side of the house or anywhere in the house.

The efficiency of the brigade, which I refer to as being of a very high order, I attribute to certain facts. Remember, they are the only volunteer formation in western Europe, and a volunteer soldier assimilates training more readily than an unwilling soldier who may have been pressed into the service by any form of national conscription. They are also the highest paid troops on the western front. Their units have been maintained at full war strength, with a small reserve immediately to replace casualties. Those are conditions which do not exist amongst the other NATO units which are stationed in the west. The British units are on a lower establishment than our Canadian units. Their units are not even up to the strength of those reduced peacetime establishments, and a high percentage of the men serving in British units are men who perhaps are rather unwilling soldiers, counting the weeks that remain before they will be released to civilian employment.

That is not so with our Canadian soldiers. A high percentage of our Canadian soldiers are men who have served more than one term of enlistment. They apparently are keen on their work and are only too anxious to take part in the numerous exercises which are carried out, and are bursting with pride at being Canadian soldiers.

Regarding the actual quarters and camps in which these men are located, these camps have been constructed, I think I can say, without regard for cost. I do not mean that there may have been unnecessary expenditures, or that care has not been exercised in seeing there was not waste and extravagance. But they are extremely good camps, in which the Canadian soldiers must feel comfortable and at home, and they offer quarters which are in keeping with the type of troops we are sending to Europe.

Of course I may be accused of eulogizing our forces, as has been suggested by some hon. members on the other side of the house. They have expressed surprise that hon. members on this side of the house should compliment or call attention to the efficiency of our troops. I make no apologies for doing this. The only thing I question and call attention to is the fact that if you pay the price you can have practically the best of anything in this world, and Canada has been paying a heavy price for providing the excellent type of troops we have with the splendid facilities they now enjoy.

How long we should continue to keep up this great national effort is something I think the government must take into very serious consideration. There are great expenses connected with the maintenance of that brigade. Not only have we provided excellent unit camps but perhaps I might say extravagant unit camps, extravagant in the extent of ground that the various hutments occupy. A unit camp in West Germany today would be almost comparable in size to a brigade camp during world war II. There are large lawns between the various hutments, and they are kept closely trimmed. Grass grows very quickly in that wet German climate, but the lawns are well cared for by German civilian gardeners whose services are paid for, I presume, by the Canadian forces. There is ample accommodation and no crowding whatever in the hutments.

The married quarters are spacious and the average man in the ranks probably never before lived in such spacious accommodation as he enjoys there. I talked to the wives of some of the private soldiers and they were most enthusiastic regarding the accommodation. They only have to keep their homes clean. There are no chores to be done around the house, and that presents a little difficulty in connection with some of the growing children, who in Canada would be required to perform certain chores around the house. Those chores are not available to them in Germany because they are all performed by civilian help.

Quarters are provided for the majority of the families and there is an increasing number—one might almost say an incredible number—of children attached to all the various units. Remember, those families and those children are transported from Canada over to Germany and are brought back again. While they are in Germany special arrangements are made to provide them with the kind of food they have here in Canada. Special arrangements are made to import pasteurized milk rather than being required to use the milk which is available locally. Schools are provided, and school teachers are sent to Germany from Canada.

I mention these things because, as I said earlier, we can have the best of everything if we pay the price; and we are paying the price for the accommodation and for transporting and maintaining the families who are now in Europe. I do not know what the actual figure is, but I am going to ask the minister if he will supply this committee with accurate figures regarding the cost of transportation not only of the men, the units and their equipment from Canada to Europe, but also the cost of transporting the families from Canada to West Germany and bringing them back.

I am also going to ask the minister if he can give the committee the figures regarding the cost of either the construction or rental

of these various camps in order that we may have some indication of what it is costing the taxpayers of this country to make the contribution to NATO which Canada has been making in the past.

I am not particularly happy about the location of the camps. I do not know whether or not we had any say in the matter. The camps of the brigade are widely distributed. The distance from brigade headquarters to the camp of the Princess Patricia's Canadian Light Infantry is something in the nature of 15 miles, and it takes more than an hour to motor from brigade headquarters to that particular unit. That is an indication of the wide distribution which exists amongst the units of the brigade. That scattered distribution may have some advantages, but it certainly increases the difficulties of administration for brigade headquarters, and it also increases the cost.

The area is in a highly developed agricultural district. It consists of a number of small towns and practically every acre is under cultivation, thus restricting the availability of training areas which have to be used not only by our Canadian brigade but also by the Belgian and some British troops, and now the German regiments which are being organized. In fact if the squadron of the armoured regiment wishes to do some tank training the regiment is required to drive its tanks down the road, put them on trains and take them for a considerable distance before they can reach a driving area. The same applies to artillery units and all firing ranges as far as the brigade is concerned.

Those are conditions over which I imagine we had little control. Possibly a few years ago there had not been the development in West Germany that there is today, as many of the present refugees from East Germany had not moved into that area and there was not quite the same demand for housing accommodation that exists today. The demand for housing accommodation by the civilian population has been accentuated by the closing down of several of the rest camps and hostels which were established by the British and United States forces in the area. There is still a steady stream of refugees from East Germany coming into West Germany, and in spite of the tremendous building program which has been carried on there is an acute crowding which is continuously cutting into the training areas and the limited accommodation available for Canadian families who cannot find accommodation in the quarters provided by the government.

These are some of the problems which face the brigade commander, who not only has to train and administer his brigade but must settle innumerable problems in conjunction with the other armed forces serving under NATO and also in connection with the civilian population. I think Canada can be proud of Brigadier Rowley, a native of Ottawa, who is in command of our brigade and who with the assistance of Colonel Spencer is doing excellent work in the difficult task to be done in that area.

We made our commitments to NATO some five years ago. At that time the situation in Europe was quite different from what it is today. When I was speaking here before I went over to Europe I quoted some remarks by General Gruenther, who explained how very limited were the forces of NATO when he assumed command about five years ago. As I say, conditions today are entirely different. During those five years we have seen the development of thermonuclear weapons. When I spoke on the first day these estimates were introduced I pointed out that the general opinion seems to be that it is extremely unlikely that either the west or the Soviet union will use thermonuclear weapons with the idea of carrying out strategic bombing either in the west or the east. Both sides seem to have reached the realization that the use of that terrible weapon means the destruction of civilization.

We have provided through the United States strategic bombing force and the medium bombers in the United Kingdom a deterrent which I think it is fair to say the majority of informed people believe will be effective. A few years ago there was the feeling that the Russians might not use the thermonuclear weapons but might start a war in western Europe and use conventional arms. For that reason the commanders of NATO—this government, supported by this side of the house, agreed—were able to provide a strong deterrent of ground troops in western Europe.

I think conditions are changing. Not only does it appear that Russia is changing the emphasis from a war of arms to an economic war, the events of the last few weeks have highlighted a condition which has been known for some time, namely that the satellite countries in western Europe are extremely dissatisfied. It was put to me this way by one speaking for the satellite countries: "When the Russians first of all advanced we were staggered and stunned. Then came a period of optimism when the Russians promised to raise our standard of living. Then we realized that those promises had failed, that Russia was not able to provide the improvements in the standards of living that had been promised." So discontent is now more rampant among the satellite countries than ever

before. If Russia started to march across Europe I am convinced there would be a general uprising in many of the countries behind those marching armies which would completely upset their lines of communication. To use a familiar expression, it would be a stab in the back which would be most effective. For that reason the danger of war without the use of thermonuclear weapons seems to be receding.

I mention these things because it is quite obvious that other NATO nations are thinking along the same lines. We have read and I heard when I was in England of very considerable reductions which are being made in the armed forces and the expenditures being allocated for defence. While I was in England there was a reduction of £50 million. Hon. members will probably have noticed in today's papers an indication of further reductions in the near future.

That seems to me to demand that the government reassess the commitments which have been made and the contribution which Canada is making to NATO at the present time. I say, and I am quite certain that it cannot be contradicted, that our contribution to NATO today in proportion to the contributions which are being made by the other NATO powers is greater than it was five years ago. As I have pointed out, our brigade is more efficient than it was five years ago. I do not think I would be biased on the part of Canada if I say I honestly believe that our brigade group is the equal in fighting efficiency to a division of any of the other forces which are there. So in effect we are now providing perhaps a small division but the equivalent of a division, whereas when we first went over there five years ago it was only a brigade.

I feel that in the light of the changed circumstances it is imperative that this government review its defence policy. The emphasis is being changed from a war of arms to a war of trade. Whilst it is essential that we keep up defences in this country and in western Europe, I feel that we have to be quite certain that we are not over-insuring at the present time.

I am not suggesting that there should be any cuts or reductions made in this year's estimates, but I think between now and the time the minister presents his estimates a year hence he must review the whole situation in a most thorough and comprehensive manner. That will have its reactions on the overhead and general structure of our forces in this country. If it is desirable to make changes, then we must be quite certain that we are not spending large sums of money in providing permanent establishments for units of various forces which perhaps a year or even five years hence may not be required under the changing conditions. We need permanent quarters for our regular units, but we do not want to have an excess of quarters; we want only those for the pattern of defence forces that will exist not this year but five years hence.

We have just come to the end of a five-year era, which was an era of building and creating. It seems to me that we are now entering another five-year period where we have to reorganize our forces to meet changed conditions. It seems to me that it holds up to the minister a challenge to review his whole organization and to accept the new concept, and not slavishly follow along the lines which were initiated five years ago, which have proved efficient up to this time but which might prove very extravagant in the future.

I have only one other comment to make. I would call the minister's attention to the organization, which I believe is being developed in the United States, of what might be described as light divisions. I understand that the United States is carrying out experiments with the idea of establishing two light divisions which can be used for NATO commitments anywhere in the world, and can be transportable entirely by air. It may mean that we shall have to have two kinds of divisions or perhaps two kinds of groupings; one which can be transported by air, similar to the airborne force that we have for the defence of Canada, and other formations which may be supported by armour and used in conjunction with the forces of NATO, should the forecasts of the NATO authorities prove incorrect and by some unusual event war short of a thermonuclear war break out in Europe.

To meet that kind of war, as the minister pointed out earlier this afternoon, the British army is allocating its armour to brigades, each brigade having its regiment of armour, a line which I believe it is the intention of the Canadian army to follow, having flexibility so that if at any time it is required the armoured regiment may be placed in one formation working as an armoured division.

I have submitted these remarks not with any intention of being provocative in any way. I trust that in some small measure they may be constructive, but I ask the minister to give this committee some idea of the cost of that very fine formation we have in Europe. We can have the best of anything if we pay for it. The taxpayer of Canada has a right to know how much he is paying for the very fine brigade that is now in Europe.

Mr. Campney: I should like to thank the hon. member for Esquimalt-Saanich, and I am sure that in doing so I shall be thanking him on behalf of all the members of this house, for the very comprehensive and complete report he has made immediately following his return from visiting Europe on the Canadian brigade located there. I should like to do more than that. I should like to thank him not only on behalf of us in this house but I am sure on behalf of the people of Canada for the very fine tribute he has paid to our troops overseas. As the voice of a very experienced and understanding general who knows something about troops, I think it carries all the more weight. Without labouring the point, I am very grateful to him for all he has said in regard to our troops. I should also like to thank him for conveying to us the views of the German and Belgian civil and military authorities.

After all, NATO is a joint effort. It is the effort of a collection of nations who believe in freedom and are willing to pay a price in an effort to sustain it. I am sure that all the people of this country as well as the members of this house will be grateful for the fact that we know now how well our troops have been received and are being received in Europe.

I should also like at this moment to give him such information as I can, as requested in his speech. I have several items here. I have first the cost of rotation of troops, that is the transport of one brigade group over and another brigade group back. For the troops themselves the cost is $2,510,000; for the dependants, $2,652,000, or a total of $5,162,000 for transportation on one rotation over and back.

With regard to married quarters, we have 1,400 married quarters in Germany. These married quarters were built by arrangement with the Germans, who provided the capital. On a long-term arrangement we pay for the use of these quarters $1,185,000 annually in rent, or approximately $65 a month each. I think that includes lighting and heating too. The rent is paid by the occupant of the premises personally, against allowances which we make. The cost of the construction of these 1,400 married quarters is to be paid through the rent, and the amount I have indicated per year is on the basis of 10 per cent of the capital cost each year.

The other elements in the military camps besides the married quarters are provided by the Germans. They were constructed by them and I suppose that ultimately they will be returned to them in any event if we should withdraw. The over-all cost of operating the brigade group in Germany, including pay and allowances, food, all the elements that we pay as a government, totals $33½ million per year. I think that covers the figures requested.

Mr. Brooks: Did the minister give the cost of the educational facilities?

Mr. Campney: I have not the actual figure at hand, but I will try to get it. I suppose the hon. member wants to know the cost of the schools, the teachers, and everything involved?

Mr. Brooks: Yes.

Mr. Campney: I will try to get that.

Mrs. Fairclough: Would the minister say how many are covered by this $33½ million?

Mr. Campney: Something between 6,000 and 6,500 men, and probably 4,500 dependents.

Mrs. Fairclough: Did the minister say 6,500?

Mr. Campney: Between 10,000 and 11,000 with the dependents.

Mr. Brooks: How many of those would be in reserve? That seems a very large number for a brigade. How many would be in reserve?

Mr. Campney: There are supporting units amounting to 600 or 700 but I understand that the remainder of the 6,000 or 6,500 are all on war establishment and are part of the brigade group.

Mr. Pearkes: When I referred to reserves I was referring to the first line reserves which are carried with the unit. Of course there are certain headquarters units which are elsewhere, in Amsterdam and other places. That would appear to be about the figure that one would expect to have, somewhere between 6,000 and 7,000 in a brigade group.

Mrs. Fairclough: With regard to those persons who are serving in overseas posts, do those who are listed in ancillary positions enjoy the same facilities as those who are in the active force?

Mr. Campney: I am not sure I clearly understand the question, because once they are sent overseas they are all part of the brigade group. While some might be called ancillary personnel they are part of the brigade group as such, though they may not be what you might call front line fighting troops.

Mrs. Fairclough: But they still have the same access to accommodation, the same access to all the services which are available to our forces overseas? Is that right?

Mr. Campney: So far as they are available. I would point out, as the hon. member for Esquimalt-Saanich mentioned, that there are not enough married quarters by quite a good deal even with the 1,400.

Mrs. Fairclough: But how are they divided? Do some people have preference?

Mr. Campney: The preference is established on the basis of what is called a point score based on the service of the individual, number of children, etc. There is a system of computation on a point basis, and the allocation of married quarters is on that point basis. In other words the greater the claim you have on account of points awarded for length of service and various things the more opportunity you are likely to have to get one of these quarters.

Mrs. Fairclough: I do not think this is very clear, because the minister has told us that there are between 6,000 and 7,000 persons—

Mr. Campney: Between 6,000 and 7,000 troops.

Mrs. Fairclough: All right. What constitutes a brigade; 3,500 to 4,000?

Mr. Campney: The brigade group, including the first reserves and the ancillary troops, completely absorbs the 6,000 to 6,500 men I have mentioned. They have been permitted to take over their wives and children who constitute approximately 4,000 more persons. Therefore the total brigade group with their dependents runs somewhere between 10,000 and 11,000.

Mrs. Fairclough: With respect to the 6,500, is there any division made so far as eligibility for accommodation is concerned, or for any other services which are given to our troops overseas, or are they all considered to be members of this group?

Mr. Campney: Certainly; yes.

Mr. Pearkes: To elaborate on that point, perhaps it might be of interest to say that with the exception of the very senior ranks there is no difference in the allocation of quarters for married personnel as between the more or less junior officers, captains and below, and the other ranks.

Mr. Campney: That is correct.

Mrs. Fairclough: As a matter of fact, last year when we were overseas I was quite impressed with the accommodation available where married quarters had been supplied. Of course in some places it had not yet been developed, and I would hope that it would develop in very short order. I hope the situation with regard to these people is even better than it was a year ago, but I did wonder whether, within the group mentioned by the minister, there was any differentiation between those who are actually members of the brigade and those who perform ancillary services.

Mr. Campney: No, I think that distinction does not exist. As outlined by the hon. member for Esquimalt-Saanich, with the exception of the very few senior officers the junior officers, non-commissioned officers and men are on an equal basis with regard to claims for accommodation.

Mrs. Fairclough: That was the impression we received when we were overseas. We saw the facilities which were available for officers of a given rank and below that rank. I may say that one of the things that impressed me overseas was the fact that from a private up to a certain rank of commissioned officer the facilities were the same. Even the furniture which was included in their living quarters was exactly the same. I was quite impressed with that. But that does not alter the question I put to the minister. Is there any differentiation between those who are actually members of the active forces and those who perform ancillary services?

Mr. Campney: Perhaps the hon. member is thinking of the communications personnel. There are no quarters built for them, and they have to try to get their own. That is not due to their rank or position but due to their location. There are not married quarters for everybody, and they are in groups near places where there is a congestion of troops. There are people who are on lines of communication, you may say, who have to shift for themselves because we do not provide houses in those small areas. That is what the hon. member had in mind?

Mrs. Fairclough: Yes, thank you very much.

Mr. Stewart (Winnipeg North): One of the things I noticed last year when I was visiting Europe with other members of parliament was the obvious lack of news from Canada. It was something which was felt by everybody there. To the people at home perhaps it is not so important, but when you are thousands of miles away you want home news. You want to find out what is going on, whether you live in Vancouver, Winnipeg, Toronto or Montreal. I was told in more than one place that newspapers received from Canada were three to five weeks old.

I do not think that is good enough. I think the provision of adequate, up to date news for the troops is part of the considerations of morale. I realize there is a radio station now in operation, but the radio station does not supply home town news which so many of

these men and women crave. What steps have been taken to see that Canadian newspapers are sent to the various areas as rapidly as possible?

Mr. Campney: On the question of expediting the delivery of newspapers I am afraid I have no up to the minute information. This has been a source of some difficulty everywhere we have had troops. We have tried to take care of some of the difficulty by establishing, as he knows, a new radio station of 250 watts which covers the whole of the brigade area. It gives a continuous series of rebroadcasts from the C.B.C.

That may not meet the local situation of individual troops but I think it is a vast improvement, and has been very well received. I am sorry I cannot tell the hon. member the position with respect to newspapers. I know it has been a perennial headache every time we have sent troops away because it takes so long to get newspapers from here to wherever they are to be delivered. I am very much interested in keeping people away from home still at home in their thinking and their approaches to life. I shall look into that.

Mr. Stewart (Winnipeg North): May I say something at this juncture. This business may not loom too large in the minds of many of us here. The minister knows as well as I do that it is a very important thing to the men over there. The provision of this radio station and the excellent programs the C.B.C. are giving do help, but it does not overcome the fact that these men want home town news. The minister may remember that when I returned from Germany I telephoned him and said this was one of the things which were lacking, one of the things the men wanted, and I think they have a right to it. It may be a headache, but I submit the minister might perhaps get some aspirin to restore himself and return refreshed to the task of seeing that these people who are upholding our prestige as Canadians, and who are interested in their home towns, get the news which they so badly need.

Mrs. Fairclough: I should like to support the hon. member who has just spoken, because it is true that the one complaint we heard was the lack of up to date news from the home towns. Even in cases where members of the forces overseas were receiving their local newspapers as a result of subscriptions, they came in bundles containing the copies for two months at a time. Obviously these men could not begin to digest them. I know that if I am away for a week I cannot begin to read all my home town newspapers for a week, because I just have not the time.

[Mr. Stewart (Winnipeg North).]

Obviously that is the problem with which these men are faced. Yet they want to know what is going on at home; their ties are at home. They would like to know what has happened, even if it is the accidents on the local streets. They like to read this news. They do not get it until it is quite old, sometimes not for two or three months.

Those of us who were overseas last year found that the main question that was asked of us by the men who were serving from our own home towns was, what has happened at home? What changes have there been? It seems to me there should be some way of getting these newspapers to them within a reasonable length of time, and particularly so when they have subscriptions and are supposed to receive copies by ordinary mail.

Mr. Campney: There are two points I should like to make in that respect. One is that in a brigade, of course, there are people from every locality in Canada. I do not think there is any particular complaint, at least it has not been brought to my attention if there is, about the general news, especially since we started the radio station. I think the complaints are about their own local news from the little towns and villages. I do not know how the department or the army can expedite that or deal with that, because it is a particularly personal matter.

There are only two ways in which newspapers can be sent to Germany. One is by air and the other is by ship. A ship may be delayed, not I think quite as much as the hon. member has said, but still there are delays. The cost of sending newspapers by air is rather high for the ordinary family so this is a disability that is very difficult to overcome.

I have said on a number of occasions that the best hope of removing the difficulty is through letters from the people at home to the people overseas, and secondly by sending the local paper to them. I remember that in world war I I got the local paper every week, except when I got lost upon occasion. It was a local paper and was not of any interest to anybody else so far as I know. But it was of interest to me. I think it should be pointed out that the families who have someone overseas might very well develop some sense of responsibility for keeping that individual informed. I believe, taking that with the general information we are able to give them, plus the radio service we are able to provide, should meet the situation.

I agree there is quite a bit of complaint about it, but I do not see how the army itself could meet this particular situation without

the co-operation of the relatives and friends of the people who are in the services.

Mrs. Fairclough: That is the very thing I am talking about, Mr. Chairman. In several cases which were drawn to my attention those people who were subscribers to local newspapers did not receive those newspapers because they went, I suppose, as newspaper mail; I do not know how they got them, but they were getting bundles of newspapers at one time which were anything up to a month or two months old. They had no news in the meantime, yet they had subscribed to that newspaper. It seems to me there must be some things the department could do to see that this second or third class mail reaches them in a reasonable length of time.

Mr. Campney: I am told by the postal people that the average transportation time for air mail to the brigade—

Mrs. Fairclough: That is air mail, though.

Mr. Campney: I will give you both—from Montreal to the brigade is three to four days. The average time for surface mail is from 12 to 18 days. There may be some delays, but generally speaking that is about the time that can be counted upon.

There is another thing—I do not suppose this meets the local situation—but I know when I was last over there a great many of the units whose men came from certain areas subscribed to a number of papers from that area and they were used by all members of the units. In other words there are the costs, and so on. I am very cognizant of the situation, but I do not think there is really very much more we can do than we have done to expedite things.

Mr. Harkness: Perhaps I might say a word on this subject. When I was over and saw the brigade and the air division last year the only complaint I heard, I think, in connection with this matter was the lack of news. The radio station will no doubt have corrected that to some extent as far as the brigade is concerned; it will not have corrected it as far as the air division is concerned.

The minister has said he does not think there is anything further the army could do, and I take that to mean anything the department could do. I think there is. As a matter of fact I asked two or three commanding officers whether it would help, or be of any particular assistance, if newspapers from the home station of the unit were flown over as part of the regular cargo of the skid run, I think it is called, of the air force which goes over, I think, twice a week or something along that line. They were of the opinion that it would be of very considerable assistance.

An artillery regiment which was there at that time, for example, came from Winnipeg, or that was its home station, and they considered that if they got four copies of the two Winnipeg papers in their regular delivery by the air force scheduled run, two for the men's mess, one for the N.C.O.'s mess and one for the officers' mess, it would be of very considerable importance and would help the situation materially. The same thing would apply as far as the P.P.C.L.I. is concerned whose home station at the time was Calgary, and the same would apply to other units. It does seem to me that the department could ameliorate this situation without any undue cost by that particular means.

Mr. Campney: I do not know, Mr. Chairman, that the newspapers from the home stations of the units would be enough, because I think what the members of those units are concerned about are their home towns. This has been looked into, but I shall be glad to have it looked into again. The difficulty, I think, really arose, when I looked at it last time, and when we canvassed the areas of the different units very thoroughly, especially in regard to daily papers. We found that the weight was a formidable barrier expense wise. On the scheduled run we have to be very careful with our space. However, I shall be very glad to have it looked at again.

Mrs. Fairclough: As the minister said, if you had to send a newspaper to every man over there obviously you just could not do it; but if you tried to send, as the hon. member for Calgary North said, a couple of newspapers or four newspapers from each major centre from which the men come it would help. The units that are overseas have headquarters; they have a domicile in Canada, and if you tried to provide them with the newspapers from the Canadian domicile of their units it would at least ameliorate the situation to some extent.

Mr. MacLean: Mr. Chairman, I want to revert to the question of married quarters. On page 28 of the white paper is given a summary of the situation with regard to married quarters. As of December 31, 1955, we are given a total of 30,000 married quarters, of which 3,217 are for personnel in Europe. I think the figure the minister gave was 1,400. I suppose the remainder is made up of married quarters for the air force, and the number under construction or in the planning stage. What I should like to know is, during the current year roughly how many additional married quarters will be available in Europe?

Mr. Campney: The difference is, of course, as the hon. member says in Grostenquin and Marville, in France, and Zweibrucken and Soest in Germany. I understand that all the married quarters contemplated in Europe will be completed this year.

Mr. MacLean: There are two other questions which I propose to ask. I notice recently there has been a competition advertised for what seems to me a large number of vacancies on the staff at the Royal Military College at Kingston. What is the explanation? Is there an addition to the staff, or has there been considerable rotation of the staff? Perhaps the minister can give some indication of the total number of positions. These are civilian positions. One came in today from the civil service commission. I am wondering whether these are additions to the staff or replacements for professors who have resigned their positions.

I have another question that I should ask while the minister is finding the answer to the last one. I notice at page 20 of the white paper is given a summary of the number of civilians employed by the armed services in the different categories. I wonder what the explanation is as to why the army seems to employ a much higher percentage of civilians than either of the other services? In the classified bracket the army employs over 12,000 civilians against the air forces under 8,000, although the strength of the air force is actually greater.

Mr. Campney: Dealing with the first question raised by the hon. member, the number of professors at the Royal Military College has been increased by two, so to that extent they are new appointments. Altogether I think there are over 40 professors and the number has been increased this year by two. Therefore the applications mentioned by the hon. member, except so far as they refer to these two, would be replacements. I think it is quite common in academic circles for civilian professors and lecturers to move about fairly often to different positions, and I think that is exactly what has happened at R.M.C.

Mr. Brooks: I notice that at page 319 of the explanation of the estimates reference is made to professors, assistant professors and lecturers at the Royal Military College. What about the professors and assistant professors at Saint Jean, Quebec? Where are they included?

Mr. Campney: They will be shown in the air force section when we come to it. They are tri-service colleges. Royal Roads is operated by the navy. R.M.C. is operated by the army and C.M.R. is operated by the air force.

[Mr. MacLean.]

Mr. Brooks: Is the majority of students at Saint Jean army students?

Mr. Campney: They are all tri-service colleges. The administration of each college is given to one service: Royal Roads to the navy, R.M.C. to the army, and C.M.R. to the air force.

Mr. Hamilton (York West): I wonder whether we might go back to the question of the dependents who are overseas with the brigade. I think the minister said that probably about 4,500 people are there, and some concern has been expressed about their being over there from the standpoint of their own safety. I think we are all very glad that they are there and I am quite sure it contributes greatly to the morale of the brigade, but I am wondering what type of program the department has for the evacuation of those people in a time of crisis? Have we the necessary shipping laid on? Is there a crash program to insure that these people are evacuated immediately? Otherwise it would appear they would only contribute to a great deal of confusion at a very vital part of the campaign.

Mr. Campney: This, of course, is primarily a NATO problem and one that has not been completely solved. During the past year, and ever since I became minister of this department some quite extensive studies have been going on, and in that connection we are working with other departments in an effort to set up a procedure and a policy to be followed in the event that evacuation becomes necessary.

I may say we have not come to any final conclusions. This is quite a difficult problem, as the hon. member will realize, but it is a problem I think we have to continue to consider until we reach what we believe is a satisfactory solution. I am sure that in the end we will reach a conclusion, but we have not as yet because the studies are not completed.

Mr. Hamilton (York West): I think this is probably the most important point in connection with the whole procedure of having dependents overseas, that is outside of the morale question in relation to the troops. I understand that we take them over there and assume the responsibility for their transportation there and back during ordinary times. Surely we are not going to fall back on some type of NATO program for these people in a time of emergency.

It would seem to me, sir, the very least the department should know at this time is the port of embarkation and the availability of shipping. It seems to me that the brigade and their dependents have been over there

for a sufficient length of time for a program covering their evacuation to have been mapped out. I would think the minister's statement will leave a lot of uneasy minds in Canada when it is read.

Mr. Campney: If we have a reasonable period of warning that is, notice of ten days or so, our program is worked out. But if it is a sudden thing that might come out of the night there are problems which have not been completely settled. For example, the hon. member says we ought to know what port will be used. We do not know what ports will exist following a sudden attack. Shipping will depend on the ports that are available to us. This raises very grave and difficult problems, because there cannot be any certainty in the process of evacuation. We are trying to work out alternatives and a scheme of things that will take care of any situation. I hope we shall have reached final conclusions before too long but, as I said, we have reached the point where if we have some reasonable notice I think we can handle the situation, but we are not yet at the point where we can say it is complete.

Mr. Hamilton (York West): May I suggest that the minister certainly seems to be grasping the point in connection with this question. I think he might put some of his experts to work in connection with this important problem, because it appears to me to be extremely urgent. If we are going to go along without having a program lined up then I think the dependents of these people and their relatives here should be made well aware before they leave that there is no concrete program for them in connection with their return.

If I may remain on my feet, Mr. Chairman, because it is extremely difficult to get here in the first place, I should like to raise another point. I am wondering if the experts in the department have made any decision, as has been done in the United States, concerning which branch of the service will handle the intercontinental guided missile if and when it is available to our forces, and the intermediate range ballistic missile.

Perhaps it is because of differences of opinion in the services and because of an attempt in the United States to settle this, but I understand in that country the intermediate range ballistic missile has been handed over to the army for development and use and the intercontinental guided missile has been handed over to the air force for development and use. If we are properly planning for the future it seems to me there should be a decision at an early date in connection with the use of those weapons if a decision has not already been reached. I think we are entitled to know from a policy standpoint what is going to be done in this country concerning those weapons.

Mr. Campney: Well, Mr. Chairman, the question of ground to air guided missiles other than in an experimental sense has not yet arisen in Canada. We are studying ground to air missiles, but we have not yet committed ourselves to any, so we have no definite program as to which service will deal with them when we do have them. Concerning the question of air to air guided missiles, there is the "Sparrow" to which we are committed, and that is in the jurisdiction of the R.C.A.F.

As far as the intercontinental guided ballistic missile is concerned, I am one of those who think it is very far in the future, and it is not within our purview to deal with any particular one at the moment. So I would not hazard a guess with respect to who would look after it. There will not be anyone who will care to look after it, I fear.

Mr. Hamilton (York West): In connection with the intermediate range guided ballistic missile, have we had any technicians attached to the United States forces to study their developments in that country, and have we made any progress in determining whether our artillery or air force will be using these weapons? It seems to me these are questions that should be answered at this time. If we are attempting to keep abreast of developments, I think in co-operation with the United States forces we should have men there on the ground today learning the use of these weapons and the technical features of their development in order that we will be abreast of everything that is new.

Mr. Campney: As the hon. member will know, in the way of ground to air missiles there is the Nike and the air force has air to air missiles but, as I say, the intercontinental guided ballistic missile, whether intermediate or final, is quite a long way in the future. I think we have ample time before it becomes fully developed in spite of what is said by certain newspaper columnists.

I wonder if I might now fulfil an undertaking I gave to the hon. member for Winnipeg North with regard to the question he raised concerning the special account. He referred to the special account item listed on page 318 of the blue book as item 34 under the navy estimates, where there is a nil entry for this year. The same account also appears on page 331 under the army estimates and the reason item 34 of the air force estimates

on page 338 does not include a reference to special accounts will become evident from what I have to say in a moment.

In the past year the value of equipment acquired to March 31, 1950, that has been given as mutual aid to our NATO partners has been credited to this special account for procuring more modern equipment for the Canadian forces. Since April 1, 1956, no further credits will be made to this account and at that time the credit balance stood at $281,933,743. I think I may take some credit or blame as the case may be for that decision, because I do not like carrying these things along from year to year and complicating the ordinary accounting system. The only charge to this special account proposed for the fiscal year 1956-57 is $72,141,000 by the army.

There are relatively small quantities of equipment remaining in Canadian stocks that were acquired prior to March 31, 1950, and where such equipment is transferred in future it will be valued for mutual aid purposes at approximately the cost of repairing and shipping. Consequently these transactions will be on a current disbursement basis, and the charge to mutual aid will be deducted from the expenditures of the service that incurs them rather than credited to the special account.

Mr. Stewart (Winnipeg North): What is going to happen to the surplus in that special account?

Mr. Campney: We are running it down by $72 million this year. In other words it will not grow; it will be run down on the usual basis until it disappears.

Mr. Stewart (Winnipeg North): In other words it is being used to supply new equipment to the services?

Mr. Campney: That is right.

Mr. Brooks: How much money has been expended already on the Gagetown camp? How soon is it expected to have the camp completed? How many accounts in connection with land taken over by the department are still unsettled?

Mr. Campney: I had better have my figures checked before I answer. I shall get the information and give it to my hon. friend.

Mr. Churchill: The minister told us earlier that we should not place too much reliance on press reports, so perhaps the minister will give us a statement with regard to the manufacture of the Belgian rifle and bring us up to date on the program.

Mr. Campney: The contract for the production of the FN-C1 rifle, as we call it with our modification, was awarded by the Department of Defence Production to Canadian Arsenals Limited in September, 1955. Tooling has now been virtually completed and the purchasing of all production materials is now well advanced. Deliveries are expected to commence in the autumn of this year. Based on the above forecast of production it is anticipated that sufficient rifles and ammunition will be available to permit introduction into the Canadian army as follows: To the Canadian army, regular, between May, 1957 and July, 1958; to the Canadian army, militia, between July, 1959 and January, 1960.

Mr. Churchill: I assume ammunition for that rifle is in production now?

Mr. Campney: Yes, it is.

Mr. Churchill: According to a press report I have here it is estimated that 72,000 of these rifles are to be produced for Canada, and I should like to know what will be done with the Lee Enfield rifles which will be replaced.

Mr. Campney: No specific decision has been taken with regard to them, but of course they might become valuable for mutual aid if any country should want them, or they could be disposed of in some other way.

Mr. Churchill: I hope the department will not forget what happened in 1940 after Dunkirk, when rifles were in such short supply in all the western nations, and will keep a sufficient quantity of Lee Enfield rifles in store for emergency use. I hope they will not end up in the crown assets corporation and finally go on the international market as sports rifles.

Mr. Harkness: I note on page 326 of the details under "Major procurement of equipment" an item covering tanks and armoured fighting vehicles, where the amount this year is $590,000 as compared with $5,769,000 last year. This is a great reduction in the amount for tanks and armoured fighting vehicles, and is hardly in accord with the minister's announcement that a new armoured regiment was to be constituted and that the army was to be supplied with a considerable number of amphibious armoured vehicles which could be used for a variety of purposes. I wonder if the minister would explain this apparent discrepancy between that announcement and the amount of money being voted for armoured fighting vehicles.

Mr. Campney: I am informed that we have available enough tanks to equip the new armoured regiment except for some minor parts, and therefore further purchases are not necessary. I did not get the second part of the hon. member's question.

Mr. Harkness: The minister announced that amphibious armoured vehicles would be used for a variety of purposes, and I presume they would come under this item.

Mr. Campney: I think the hon. member is referring to the same vehicles to which I referred this afternoon. I said that we were approaching the prototype stage of development, but the vehicle is not in operational production.

Mr. Harkness: In other words, it is not anticipated that any of these vehicles will be completed during this fiscal year?

Mr. Campney: We hope to have a number of the prototypes during this fiscal year.

Mr. Harkness: I am rather disappointed, because when the minister made his initial statement with regard to these particular vehicles I understood him to say that they would be in the course of being supplied to the Canadian army during the present year.

Mr. Campney: I did not say that.

Mr. Harkness: The minister says that he did not say that, but he certainly left that impression with me and I would think with the majority of his listeners. The minister has said that there are enough tanks on hand to supply the new armoured regiment which is going to be constituted. I wonder if he can tell us how many extras that will leave to replace the casualties which constantly occur in the use of tanks, in the same way as automobiles are constantly being piled up on the highways. Furthermore, what about the reserve army as far as the supply of Centurion tanks is concerned, which I understood was to go forward?

Mr. Campney: I understand from my officials, as I have said, that we have an adequate number of Centurions to equip the regular army with a sufficient reserve for an appreciable time if they were called into service, but there are not on hand at the moment a sufficient number of these tanks for the militia.

Mr. Harkness: Can the minister give any indication how soon the militia armoured regiments may expect to receive a sufficient number of Centurion tanks with which to carry on training?

Mr. Campney: No, I am sorry that I cannot at this moment give any date.

Mr. Harkness: Is there any hope of having these vehicles within the next year or two? In some cases these regiments are getting a little fed up over the lack of equipment and with what you might call continued promises, which are not met, that they will be supplied with this modern equipment.

Mr. Campney: I am sorry, but I cannot give the hon. member any data. I understand that the militia units are fairly well equipped with Sherman tanks, but there are no figures I can give him with respect to the Centurion.

Mr. Brooks: Could the minister give me the information I asked for?

Mr. Hamilton (York West): I waited so long that somebody got in ahead of me with the same question, but there is one further question. I notice an increase from $1,900,000 to $2,500,000 for architects, engineers, land valuation and legal fees. Is there any particular reason for that increase this year? That is on page 325.

Mr. Campney: Apparently the work of this particular branch, architects and engineers, has lagged behind. I might interject that this is administered by Defence Construction Limited. The estimate for the current year was prepared before we realized last fall that the figure was low and would not be adequate, and the additional sum of $600,000 was put in to cover what we estimated would be the eventual requirements beyond the original estimate.

Mr. Hamilton (York West): I do not think that answers anything. Is there any particular special project in any of the four categories mentioned that requires an additional $600,000? Perhaps the minister might tell us what method is used to pay these people. Are these evaluators on contracts of some kind? Are they individually employed in the various districts, and if it is for legal fees what special project is involved? I think we should know that.

Mr. Campney: These are consultants who are hired by Defence Construction Limited for our account. I might say that in the last two years we have instituted a small branch in the department to correlate and further our construction program. It has been very successful, and it has had three results. In the first place we have had far less replanning and changing than was formerly the case. In the second place it has meant planning further ahead than was heretofore possible. In the third place, and probably partly as a result of the two factors I have mentioned, in the current year construction has been stepped up very materially. Whenever construction grows in volume we naturally have to have more architects, legal people and consultants. I think it is also directly as a result of the changes we have made, which have been very effective in these other particulars.

Mr. Hamilton (York West): I expect that in future years, if this is to take care of a more prolonged program, this item should not be jumping again by $600,000.

Mr. Campney: I should not think so.

Mr. Harkness: I notice that armament equipment has increased from $7,760,000 to $10,227,000. I wonder whether the minister could indicate to us briefly what that increase is intended to cover in the way of armaments.

Mr. Campney: This increase is attributable principally to the introduction of the new rifle, which is to be produced in Canada, the tooling and commencement of production, and also to the deliveries of 105 millimeter howitzers for which we have provided funds.

Mr. Harkness: I do not think the minister finished giving his answer. He said that money was provided for 105 millimeter guns but he did not say what it was.

Mr. Campney: The figure with respect to the 105 millimeter howitzers is $3 million in this vote, and with respect to the FN rifle it is $2¾ million.

Mr. Harkness: In other words, the other $5 million is more or less for replacements?

Mr. Campney: Yes.

Mr. Harkness: Could the minister tell us how much the department is paying for these 105 millimeter guns?

Mr. Campney: That probably could be answered by my colleague the Minister of Defence Production, when his estimates come up. I did know the price, but I do not recall it now, and I would not care to guess.

Mr. Harkness: Does the minister know how many guns he got for the $3 million?

Mr. Campney: We do not give out figures as to quantities of armaments. We never have, and I do not think we should start that now.

Mr. Harkness: I do not think that answer is very satisfactory. As a matter of fact we have mentioned a number of guns of various kinds on frequent occasions, both here and in the defence expenditures committee, and I would ask the minister to what extent the Canadian army has been rearmed with 105 millimeter guns.

Mr. Campney: The regular army has been fully rearmed with these guns. These are for the militia.

Mr. Harkness: To what extent is the militia being rearmed with these 105 millimeter guns?

[Mr. Campney.]

Mr. Campney: We hope eventually completely, but this is a start in that direction.

Mr. Harkness: Then might I ask how many guns per militia regiment have now gone out?

Mr. Campney: As far as I know none of them have gone out.

Mr. Harkness: That is my information, that none have gone out; but the minister says these guns are for the militia regiments.

Mr. Campney: They are being purchased. They are being built for that purpose, but they are not yet available.

Mr. Howe (Port Arthur): They have not been built yet.

Mr. Harkness: May I ask once more how many are going to be supplied to each militia regiment, and how soon?

Mr. Campney: I understand that the scale is about eight per regiment. I certainly cannot give the date for the production of the guns. I would not give a date of production of anything after two years in this department, because there are all kinds of production problems, and we are now in the middle of a steel strike.

Mr. Harkness: This great reluctance or inability on the part of the minister to give such information as how many guns are covered by this $3 million order, on the basis that it would break security to give it, is a good example of how little necessity there is for security of that sort, because the number of field regiments in Canada is quite well known. It is published in various publications, and anybody can get the information. If these guns are being purchased for the militia regiments on the basis of eight for each, no consideration of security enters into the matter at all.

I think this is a good example of the fact that we have been denied information very frequently in this committee, in the defence expenditures committee and in other places as far as defence matters are concerned on the excuse of security, when there was no real security reason whatever. It was either the fact that the people concerned did not have the information or they were afraid to give it because they thought there might be some unfortunate consequence politically from doing so.

Mr. Brooks: I asked the minister several questions with reference to Camp Gagetown and he said he would have the information.

Mr. Campney: The information has not yet come to hand, but I have not forgotten it.

I can assure the hon. member he will have it, but I do not know that I will have it before ten o'clock.

Mr. Brooks: I want the committee to have it.

Mr. MacLean: I asked the minister for an explanation, and perhaps he has it now, of why the proportion of civilians to servicemen is so much higher in the army than in the other two services.

Mr. Campney: I am told that one of the principal reasons the number of civilians in the army is higher than in the other two services is the type of work for which they are used. For example, the transport situation is far greater in the army than in the other two services and a much larger civilian staff can be employed to service vehicles. The same applies to ordnance. Much of our R.C.A.F. repair work is done by the aircraft industry. To put it shortly, a great deal more maintenance and repair work can be done by civilians in connection with army operations than in the other two services. It is cheaper to do it that way and equally effective, and in the interests of economy we try to use civilians wherever practicable.

Mr. Green: I should like to ask the minister a question which, while it affects comparatively few men in the regular force, is of great importance to them. He will remember that two or three years ago there was one regular battalion made up of four highland companies. One of these companies was from Vancouver, the Seaforth Highlanders. For some reason or other a change was made and the whole battalion was converted into a Black Watch battalion rather than a Seaforth battalion, which I think should have been done.

However, the young officers from the Seaforths were compelled to buy completely new highland outfits with the Black Watch tartan. Unless it has been done recently, I believe no help has been given them to meet that expense. In view of the fact that they were forced to get these new uniforms I suggest that they should at least have been given some allowance by the army to help with the purchase of the uniforms.

Mr. Campney: I may say that I am entirely sympathetic with the hon. member in this matter. I made two different submissions to treasury board, and I am not sure whether there may not have been more. I do not want to shove the matter off on treasury board, but I must exonerate myself. I have not the power to take the remedial action that I think should be taken. The members of treasury board have different views, as they have a right to have, but I agree with the hon. member. These changes having been made in the natural course of evolution of the army and through no fault of these personnel, I believe there should be some assistance. But I must admit that up to now I have not been able to get a satisfactory solution.

Mr. Green: Has that suggestion been turned down by treasury board? If so, will the minister again place it before treasury board; because I think here is a case where, since there are so few men involved, treasury board is not being fair. These young men have a good claim for help in the purchase of these expensive uniforms. I hope the minister will again put the case before treasury board and that this time the suggestion will be met. Can the minister give the committee the assurance that he will again take it up with treasury board?

Mr. Campney: Yes, I will be glad to do that because, as I say, there is no difference in our opinions on this matter.

The Deputy Chairman: Does that complete the discussion under this heading?

Mr. Hees: I was amazed at the answer given by the minister to the question asked him by the member for York West about the evacuation plan for the relatives of married personnel in Europe. Perhaps I did not understand what the minister said. Would he explain just what the plan of evacuation is in case the balloon goes up over there? How are these people to get out in safety?

Mr. Campney: If I may repeat, these matters are under consideration not only by us but by the NATO authorities and by other departments. I think I am right in saying that such matters are not publicized, that no publicity is given to what plans we may have in mind or maybe trying to evolve. It is of course, as everyone knows, a very important matter. I do not know that any good purpose would be served by discussing publicly the plans that have so far been evolved nor, in fact, the plans when they are finalized.

Mr. Hees: Why does the minister not say there are no plans and cut it short?

Mr. Campney: Because that would not be in accordance with the facts.

Mr. Hees: Is there a plan? I am not asking what it is. I want to know if there is a plan or if there is not a plan.

Mr. Campney: I answered the question before the hon. member came in. I said the plan had been evolved to a certain point. I was asked whether the ports of debarkation and the methods of assigning those ports had been settled and I said no. I said there

were a number of problems in connection with evacuation that had not yet been settled. I said that plans had been partially formulated but not completed.

Mr. Hees: How long does it take for the government or this department to work out plans for a brigade that has been in Europe a number of years? Is it going to take another two or three years before you finally get a plan worked out? Just what is the process of the department's thinking? How much more thinking has been done during the past year than the year before, and when do you expect to have a plan worked out?

Mr. Nicholson: Ten o'clock.

Mr. Hees: All right, we will call it ten o'clock.

The Deputy Chairman: Does that complete the questioning under this heading?

Mr. Hees: No, it does not. I call it ten o'clock.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Campney: Mr. Speaker, we shall continue with these estimates tomorrow and when they are finished, as I hope they will be, we will proceed, I think, with defence production—

Mr. Howe (Port Arthur): Defence production, then agriculture.

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

ANSWER TO QUESTION

The following answer, deposited with the Clerk of the house, is printed in the official report of debates pursuant to standing order 39:

R.C.M.P. BUILDING, AMHERST, N.S.

Question No. 556—**Mr. Lusby:**

Question

1. Have tenders been called for construction of a new Royal Canadian Mounted Police detachment building at Amherst, Nova Scotia?
2. If not, when are they expected to be called?
3. Is it intended that the building shall be constructed during the present year?

Answer by: **Mr. Bourget, Parliamentary Assistant, for the Minister of Public Works:**

1. No.
2. August, 1956.
3. Yes.

HOUSE OF COMMONS

Friday, July 20, 1956

The house met at eleven o'clock.

COMMITTEES OF THE HOUSE

RAILWAYS, CANALS AND TELEGRAPH LINES

Tenth report of standing committee on railways, canals and telegraph lines.—Mr. McCulloch (Pictou).

AGRICULTURE AND COLONIZATION

Third report of standing committee on agriculture and colonization.—Mr. Anderson (for Mr. Jutras).

HOUSING

CALGARY—EFFECT OF CREDIT RESTRICTIONS ON BUILDING OPERATIONS

On the orders of the day:

Mr. D. S. Harkness (Calgary North): Mr. Speaker, I should like to direct a question to the Minister of Finance. Is the minister aware that yesterday Calgary's largest building company had to lay off a quarter of its labour force because of lack of mortgage funds, and other companies there are in the same position? Is the government now prepared to make any change in its policy in this regard in order to enable house building to go ahead?

Hon. W. E. Harris (Minister of Finance): Mr. Speaker, I would not want to answer the last question in the absence of the Minister of Public Works. As to the former, I am unaware of the facts the hon. member states.

VANCOUVER—REPORTED ACTION OF MINISTER RESPECTING LOW RENTAL HOMES

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I would like to direct a question to the Minister of Public Works and in his absence to the parliamentary assistant or the Acting Minister of Public Works. I am sorry I have not given notice of this question and perhaps this will be taken as notice.

Has the Minister of Public Works received a letter from Mr. George F. Edwards, president of the senior citizens association of British Columbia, under date of July 10, relative to a refusal of the minister to consent to construction of low rental homes on property made available by the Vancouver city council for such construction, basing his refusal on the ground that elderly citizens should not be segregated? If this is so, will the minister explain his policy concerning housing for senior citizens and will he review his decision concerning the application of the city of Vancouver?

Mr. Maurice Bourget (Parliamentary Assistant to the Minister of Public Works): Mr. Speaker, I am not aware that the minister has received such a letter but he will be back next week and I will bring this matter to his attention.

BROCKVILLE—LANDSCAPING CONTRACT, CHURCHILL PARK PROJECT

On the orders of the day:

Mr. Hayden Stanton (Leeds): Mr. Speaker, I should like to direct a question to the Minister of Public Works or in his absence to his parliamentary assistant. I have not had an opportunity to give him notice but perhaps he would accept this as notice.

Can the minister inform me when Bergstrom Bros. of Clarkson, who received the contract to landscape the Churchill park housing project in Brockville, intend to start the work and when they expect to have it finished? I may say they received the contract in September, 1955, and drew a few loads of dirt—

Some hon. Members: Order.

Mr. Stanton: —of which part has washed away and nothing has been done since—

Some hon. Members: Order.

Mr. Stanton: —except that a man cut some weeds a few days ago. My question is this. When does the company expect to start the work and when does it expect to finish it?

Mr. Maurice Bourget (Parliamentary Assistant to the Minister of Public Works): Mr. Speaker, I could not hear anything that was said by my hon. friend but I will take it as notice after reading it in *Hansard*.

An hon. Member: You did not listen, the whole bunch of you.

Mr. Stanton: I would like to direct a supplementary question to the parliamentary assistant. I can quite understand why the assistant did not answer my previous question. Is the minister aware that Island City Greenhouses Limited, a Brockville company

whose tender was only $25.50 higher than the tender of Bergstrom Bros., have finished landscaping this spring more lawns and yards than are contained in the Churchill park project?

PENSIONS

REQUEST FOR COMMENT ON REPORT IN OTTAWA "JOURNAL" OF JULY 19

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Prime Minister. Will the Prime Minister comment on the report in last night's Ottawa *Journal*, attributed to the highest authority, that the government is planning to increase old age pensions and other federal social security payments? If it is the government's intention to do this, is it not an admission that an increase is needed? If so, why not do it at this session?

Right Hon. L. S. St. Laurent (Prime Minister): There is no foundation for the report that the government is planning to do it either at this session or at the next session.

[*Later:*]

On the orders of the day:

Mr. Knowles: May I direct a question to the Prime Minister, supplementary to the question and answer of a few minutes ago? Before the government closes the door to a possible increase in the old age pension, will the Prime Minister consider the needs of our senior citizens and also their hope that even this government will do something to meet those needs without further delay?

Mr. St. Laurent (Quebec East): The government considers all these matters and the many other matters that put a strain on the financial resources of all governments at all levels in these days.

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, I wish to ask one supplementary question in connection with that. Will the Prime Minister not take into consideration the fact, in connection with the pensions payable to members of the civil service, the armed forces and the Royal Canadian Mounted Police whose pensions were fixed some time ago, that adjustments have been made under similar circumstances in the United Kingdom and in the United States and that consideration here would seem to be overdue in regard to people who are suffering very greatly as a result of the level being fixed at a time when the dollar was worth much more than it is today?

Mr. St. Laurent (Quebec East): Consideration has been given to that problem many times and will continue to be given to the problem. Accurate information as to what has been done elsewhere has been obtained and will continue to be obtained and studied.

FINANCE

EGYPT—INQUIRY AS TO LOANS THROUGH WORLD BANK

On the orders of the day:

Mr. Colin Cameron (Nanaimo): Mr. Speaker, I should like to direct a question to the Minister of Finance. Since I was unable to give him notice, perhaps he will take it as notice now. Will he comment on the recent developments with regard to the loans to the Egyptian government and inform the house whether Canada's representative on the world bank will receive instructions to press for the continuation of world bank participation?

Hon. W. E. Harris (Minister of Finance): I will take it as notice, Mr. Speaker.

NATIONAL PARKS

INGONISH—REPORTED OUTBREAK OF SPRUCE BUDWORM

On the orders of the day:

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, I wish to direct a question to the Minister of Northern Affairs and National Resources. Has the minister had his attention drawn to a severe outburst of spruce budworm in the national park at Ingonish? If so, can he inform the house as to any steps that have been taken to deal with this infestation?

Hon. Jean Lesage (Minister of Northern Affairs and National Resources): Mr. Speaker, the hon. member for Cape Breton North and Victoria (Mr. Buchanan) drew my attention to this fact two days ago and I obtained a report from the forest biology division of the Department of Agriculture to the effect that there was no real, sudden outburst. There might have been some infestation in Cape Breton Highlands national park. It was nothing that was extraordinary. Anyway, our people there are looking into the matter at the present time.

Mr. Drew: Then may I take it from the answer of the minister that this subject is actually being examined and that if action is deemed advisable proper steps will be taken?

Mr. Lesage: Definitely.

TRADE

UNITED KINGDOM—NEGOTIATIONS FOR PURCHASE OF URANIUM

On the orders of the day:

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, I would like to direct a question to the Minister of Trade and Commerce. A radio report this morning indicated that representatives of the United Kingdom government would probably be coming to Canada next month to negotiate the purchase of quite large quantities of uranium. Can the minister give the house any report concerning these negotiations?

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, the negotiation has been under way for some time. I was not aware that a party is coming from the United Kingdom but I am not at all surprised. We anticipate that a contract will be signed and after the contract is signed I shall be glad to advise the house of its provisions.

EXTERNAL AFFAIRS

RUSSIA—REFERENCE TO REMARKS IN MOSCOW BY MR. IRVINE

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I should like to ask the Secretary of State for External Affairs whether he can secure from the Canadian representative in Moscow something in the way of a transcript of the remarks attributed to Mr. Irvine which were most eulogistic of the democratic system in the U.S.S.R.? Can the minister secure something in the way of a record of the remarks that were made in that regard?

An hon. Member: Who is Mr. Irvine?

Mr. Coldwell: I would ask the minister to supply me with a copy as well.

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, if there has been printed in Moscow a transcript of what Mr. Irvine is reported to have said we will be glad to try to secure it.

Mr. Gauthier (Portneuf): Who is he?

An hon. Member: Is he the president of the C.C.F. party?

ISRAEL—REQUEST FOR FAVOURABLE CONSIDERATION OF SHIPMENTS OF SABRE AIRCRAFT

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, may I direct a question to the Prime Minister. In view of the statement that Canada is making a free gift of 75 Sabre jets to Germany, will the Prime Minister now give consideration to at least selling 24 Sabre jets to the friendly country of Israel?

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, that matter has been and still is under serious consideration and the transfer under mutual aid to Germany of Sabre jets will have no effect whatsoever on the decision to be reached in respect to the other matter.

Mr. Winch: May I ask a supplementary question. Will the Prime Minister state why the policy he has now outlined is to give these aircraft to an ex-enemy and not even sell them to a friendly nation?

Mr. St. Laurent (Quebec East): Because of the fact that the country to whom this mutual aid has been extended is a member of NATO and it is part of the usual transfers which Canada has been making to its NATO partners under that agreement.

Mr. J. G. Diefenbaker (Prince Albert): Mr. Speaker, a supplementary question. Could the Prime Minister give some general outline of the mystery connected with this matter in so far as the expression he used the other day, that Canada would join with other countries in deciding whether or not these aircraft should be supplied, is concerned? Who are those other countries which are to co-operate with Canada in this regard?

Mr. St. Laurent (Quebec East): Those other countries are the other members of NATO and the western powers with whom we are associated in doing our best to maintain peace in the world. We do not think it would be appropriate for Canada to take the responsibility of making a decision that it would be proper to do something to which the other western countries do not seem disposed to take the responsibility of agreeing to contribute.

PIPE LINES

TRANS-CANADA PIPE LINES—SUGGESTIONS AS TO SOURCES OF PIPE SUPPLY

On the orders of the day:

Mr. W. M. Hamilton (Notre Dame de Grace): Mr. Speaker, I would like to ask the Minister of Trade and Commerce whether in view of the difficulty in obtaining pipe for the trans-Canada pipe line the minister would consider approaching Frank McMahon with a request that he make available some of his supplies of pipe to Trans-Canada? Is the minister prepared to answer my question?

Inquiries of the Ministry

Right Hon. C. D. Howe (Minister of Trade and Commerce): I assume my hon. friend is intending to be humorous and he was rather funny. I do not think his question calls for an answer from me.

[*Later:*]

On the orders of the day:

Mr. Hamilton (Notre Dame de Grace): As a question supplementary to the one I asked a few minutes ago of the Minister of Trade and Commerce, is the minister aware that a major source of supply of pipe for Mr. McMahon was in Great Britain, where a steel strike is not now in progress?

Mr. Howe (Port Arthur): I am well aware of that fact. I am also well aware of the fact that Mr. Frank McMahon is just as much in need of pipe as is Trans-Canada Pipe Lines. I am also aware that his pipe is 30-inch inside diameter, whereas the requirement for Trans-Canada is 34-inch inside diameter. I am therefore of the opinion that we can get no help from that particular quarter.

NATIONAL REVENUE

LETHBRIDGE—COST OF OPERATION AND CASES DEALT WITH

On the orders of the day:

Mr. J. H. Blackmore (Lethbridge): Mr. Speaker, I should like to direct two questions to the Minister of National Revenue, notice of which I have sent him but probably so recently as to render it not possible for him to answer immediately and he may have to take these questions as notices. Will the minister tell the house how much the maintenance of the Lethbridge income tax office has cost his department during each of the years 1950, 1951, 1952, 1953, 1954, 1955 and 1956 to date? Will he tell the house how many income tax cases the Lethbridge income tax office has dealt with during each of the years 1950, 1951, 1952, 1953, 1954, 1955 and 1956 to date?

Hon. J. J. McCann (Minister of National Revenue): Mr. Speaker, I received these questions just as I was coming into the chamber and I shall have to take them as notice to be answered next week.

CANCER

INQUIRY AS TO POSSIBLE RELATIONSHIP TO AIR POLLUTION

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to direct a question to the Minister of National Health and Welfare. Is the minister in a position to make any report on the investigation being made by his department into the possible relationship between air pollution and lung cancer and can be say whether those studies include an investigation into the part played by diesel fuel in possible air pollution?

Hon. Paul Martin (Minister of National Health and Welfare): Mr. Speaker, I am glad that on matters of health and welfare the hon. gentleman is now directing his question to the responsible minister.

Mr. Knowles: Is the Prime Minister not a responsible minister?

Mr. Martin: I said that I was glad that in matters of health and welfare the hon. gentleman was directing his question to the responsible minister. I do not take back in any way what I said in that particular. With regard to the question which my hon. friend has asked I may say, as he probably knows, that under the national health program funds are provided to the cancer institute of Canada which is the body that determines what research in the field of cancer shall be undertaken with federal funds. This matter is part of the research cancer program under study.

THE MINISTRY

REFERENCE TO PORTFOLIOS OF POST OFFICE AND VETERANS AFFAIRS

On the orders of the day:

Mr. George H. Hees (Broadview): I should like to direct a question to the Prime Minister. Is it the intention of the government that the departments of post office and veterans affairs shall continue, as a permanent state of affairs, to be headed by one minister, or is one of these portfolios being held over until Mr. Gordon has finished his report and can enter the cabinet?

Right Hon. L. S. St. Laurent (Prime Minister): There is no portfolio being held over until Mr. Gordon has finished his report. As for the other part of the hon. gentleman's question, the government's decision in the matter will be announced as soon as it is reached.

SUPPLY

The house in committee of supply, Mr. Robinson (Simcoe East) in the chair.

DEPARTMENT OF NATIONAL DEFENCE

Defence services—

235. To provide for the Canadian forces, the defence research board and other expenditures relating to defence, including contributions toward the military costs of the North Atlantic Treaty Organization; to authorize expenditures in the current year out of the amount hereby provided, not exceeding $143,000,000, under the provisions of section 3 of the Defence Appropriation Act, 1950, and to provide that, notwithstanding subsection (3) of

that section, where equipment or supplies are transferred, the estimated present value thereof shall be credited to this vote instead of being paid into the special account mentioned in the said subsection (3), and when so credited may be expended for the purposes of the Canadian forces; and notwithstanding section 30 of the Financial Administration Act to authorize total commitments for the foregoing purposes of $3,470,423,461 regardless of the year in which such commitments will come in course of payment (of which it is estimated that $1,675,484,744 will come due for payment in future years), $1,722,797,717.

The Chairman: When the committee rose last evening, the discussion was taking place under Canadian army (regular) and general. Have we concluded our discussion on this item?

Mr. Campney: Last evening the hon. member for Royal asked for some information in respect of two matters, which I shall be glad to put on *Hansard*. His first series of questions was with respect to Camp Gagetown. Our expenses at Gagetown to date for construction and for the acquisition of some 425 square miles of land are in round figures $60 million, of which about $12 million was for land. There were 1,228 individual claims involving settlement for land and eight of those are still to be settled. As a matter of fact, I think most of the eight are in litigation. The construction program in the current year will be about $20 million. It is anticipated that the camp will be pretty well in full operation toward the end of next year, although I should like to point out that we are making substantial use of it this year as some 10,000 troops are concentrating there for operational training.

The hon. member for Royal also asked for some statistics with respect to the schools for army dependents in Europe. Last year in Europe we operated four schools, at Soest, Hemer, Werl and Antwerp. These schools were operated by 72 teachers and served 1,691 pupils. The total cost of operation, including rental of the schools, was $410,885.

Mr. Coldwell: Can the minister tell us what is the per capita cost of educating these children, including the provision of the schools?

Mr. Campney: I cannot at the moment but I will be glad to get it.

The Chairman: Is that discussion completed? Canadian army, militia, including Canadian officers training corps.

Mrs. Fairclough: I do not know whether I should have brought this up on the item just under discussion but I should like to ask the minister if any decision has been arrived at with regard to the check-off of amounts assigned for credit union purposes by civilian employees. I understand that an application was made to the department some time ago on behalf of these employees. There are credit unions actively operating in the dockyards at Halifax and Esquimalt and at a great many air stations throughout Canada. Has the minister taken any steps to give permission to the pay officers in these places to deduct from the employees' pay and remit to the credit union such amounts as they have indicated?

Mr. Campney: I have no recollection of having taken any action but I should like to check that to see whether any recommendation has come forward.

Mrs. Fairclough: Apparently application was made to the department early in the year, and in April the credit union association was told that a decision would be made shortly. In the meantime I have not heard any more about it. I understand that the governor in council has authorized regulations to permit officers and men to declare assignments of pay and allowances providing for equal monthly payments for the purposes and to the payees prescribed by the appropriate chief of staff and that at the present time these include the chartered banks and life insurance companies for the payment of policy premiums. The question is whether or not the department will authorize similar payments to credit unions of the employees' choice.

Mr. Campney: I shall be glad to look into it.

Mr. Herridge: Is this the item that deals with the cost of staff colleges?

Mr. Campney: It is really not this item. Perhaps, however, the hon. member would like to ask his question.

Mr. Herridge: I would. I have here sessional paper No. 90-D which was tabled on June 21, 1956 in response to some questions asked by the member for Winnipeg North. I find that question No. 3 was:

> How many graduates of the regular officers training plan entered the regular force of: (a) navy; (b) army; (c) air force, during 1954-55?

Then the same question is asked with respect to 1956, 1957 and 1958. I find the answer to that question is:

3.	(a) Navy	(b) Army	(c) Air Force
1954	20	45	34
1955	28	67	43
4.	**(a) Navy**	**(b) Army**	**(c) Air Force**
1956	48	74	52
1957	54	108	95

Then the hon. member asked this question:

5. What was the total cost of operation of the Canadian services colleges during: 1954, 1955 and what will be the estimated cost in 1956, 1957 and 1958?

I find there the answers as follows:

5. The estimated cost of operation of the Canadian services colleges during:

1954-55	$3,433,673
1955-56	4,086,458
1956-57	4,515,336
1957-58	Not available

According to the number that have entered the forces from this training plan and according to the quick calculation I have made here, it appears that it is costing us over $30,000 to train each of these cadets to enter the navy, the army or the air force. Am I correct in my analysis of these figures?

Mr. Campney: I think the figure is approximately correct. I may say in addition, however, that the fact is that these colleges, especially C.M.R. and Royal Roads and R.M.C. as well are just getting into their stride and we expect the number to increase as they do so with very little additional cost.

Mr. Herridge: The minister would agree though that $30,000 for training a cadet in any of the sections of the services seems to be a very excessive sum, and one which is in excess of what it cost to train veterans after the first world war. It is about four times as much.

Mr. Campney: All expenses are undoubtedly up. The cost of training officers in training colleges is up. The cost of training cadets is up. In fact, nearly all the expenditures we have to make are up. That is one of the difficulties we have in operating within our budget and in carrying out all the obligations we must carry out. That is not to say that we are much different from other organizations in the country. However, we have constantly increasing cost in respect of salaries and materials. Then, in addition, we have had to develop these schools; and have had to spend a good deal of money on them. The cost is high, I admit, but I think we can improve the figure and I certainly hope we can increase the output.

Mr. Pearkes: A few years ago the department set up a committee under the chairmanship of retired Major-General Howard Kennedy in order to reorganize and to review the efficiency of the Canadian militia. The minister made only a brief reference to the militia in his opening remarks. Now that one year of training has passed since the implementation of the Kennedy report, I wonder whether the minister could not now give us a review as to the state of efficiency of this important branch of the defence services, and particularly with regard to the numbers to be going into camp this year. I was interested to hear that the militia was going to train more units this year in camp than they had trained in the past. I would like to know regarding their ability to carry out that training, not as far as personnel are concerned but regarding the standard of their equipment at the present time.

[Mr. Herridge.]

Mr. Campney: Mr. Chairman, speaking generally, I am advised by my officials, and I have confirmed some of this advice at first hand by observation myself, the reorganization which followed the intensive examination throughout the country of the militia system by the committee to which the hon. member has referred has resulted in very considerable improvement in the quality of militia training. I understand the equipment which has been issued has also greatly improved. The camp training has certainly improved in quality and in numbers. If I recollect correctly, in 1954, 16,000 attended summer camp; in 1955, approximately 20,000. This year there are approximately 23,000. The strength is down slightly. I have not the figures before me at the moment but it is down very little. I am told that the number of active members in the militia is really up. In other words, there was some internal reorganization. The elimination of what might be termed nominal members of the militia will improve the quality, because the only members of the militia who will profit from the reorganization or from the training are those who are actively interested. I understand further, as regards the arrangements which were made with respect to pay, the arrangements to give assistance in public relations and the arrangements to take care of a good deal of the staff work locally, and generally all the other matters that were dealt with by the committee, while each of which in itself may not be important, their cumulative effect has been such that there is a better training standard, a better feeling and a much greater activity within the militia.

We are trying to improve their equipment as fast as we can, and generally speaking I would say that the appointment of this commission was well worth while. In regard to the numbers of people participating in militia training under present conditions today, we must remember that we are in a very active industrial period. There is a high level of employment, and notwithstanding the inducements that are offered and the benefits of the training, it requires some determination on the part of individuals to devote the time and the energy, which they do, to the carrying out of their duties as members of the militia.

Mr. Pearkes: As a result of the recommendations of that committee, have certain militia units been allocated as third battalions to regular units? Is it the intention that those personnel of those third battalions should act as third line reinforcements to the regular units of those regular battalions of those regiments, or is it expected that those militia units affiliated with the regular regiment would be considered as operational units themselves, or are they purely units to reinforce regular battalions?

Mr. Campney: Several militia units are affiliated with regular battalions of the R.C.R.'s, the Royal 22nd and the P.P.C.L.I. They are not regarded as fully operational units, but they would certainly be a source of support if necessity arose, because they work in very close association with the regular battalions.

Mr. Pearkes: I notice in the total amount of the estimates here there is an increase of approximately $3 million. I notice that practically the whole of that amount is taken up in pay and allowances to personnel. I presume the pay and allowances of the militia have been increased in the same way as the pay and allowances of the regular forces have been increased?

Mr. Campney: Yes, they have; they have been increased at the same rate and in the same way as the pay and allowances of the members of the regular forces, although none of the increases in rates of pay of the forces, either regular or militia, is reflected in these estimates because they took place long after these estimates were presented to the house.

Mr. Pearkes: We may assume, then, that the increase of approximately $3 million in the pay and allowances is to enable more men to be trained this year?

Mr. Campney: That is correct. Incidentally, I might mention that their pay relates very closely to the amount of training so that if they train more they get more pay.

Mr. Nicholson: Last night the hon. member for Esquimalt-Saanich gave us a very interesting report, and he made a few suggestions that I think should be emphasized before we pass on to some other item. May I say in passing that when the hon. member for Esquimalt-Saanich and the Minister of Labour went to London recently I checked the Parliamentary Guide to find out, if I could, something about the gallantry for which the hon. members received one of the most prized awards in the commonwealth. I find that both are very modest. No mention whatever is made of the gallantry, but I am sure members on all sides of the house are very proud to have some association with these distinguished holders of the Victoria Cross.

The hon. member for Esquimalt-Saanich mentioned, when he spoke earlier on the defence estimates, that it seemed to be extremely unlikely that either the west or the Soviet union will use thermonuclear weapons with the idea of carrying out strategic bombing either in the west or in the east. Both sides seem to have reached the realization that the use of that terrible weapon means the destruction of civilization.

In the next paragraph he said, as reported at page 6206 of *Hansard:*

> A few years ago there was the feeling that the Russians might not use the thermonuclear weapons but might start a war in western Europe and use conventional arms. For that reason the commanders of NATO—this government, supported by this side of the house, agreed—were able to provide a strong deterrent of ground troops in western Europe.
>
> I think conditions are changing. Not only does it appear that Russia is changing the emphasis from a war of arms to an economic war,—

Later in another paragraph he went on to say:

> I feel that in the light of the changed circumstances it is imperative that this government review its defence policy. The emphasis is being changed from a war of arms to a war of trade. Whilst it is essential that we keep up defences in this country and in western Europe, I feel that we have to be quite certain that we are not overinsuring at the present time.

I think the suggestions made by the hon. member for Esquimalt-Saanich have not received sufficient consideration by the Minister of National Defence. In this morning's paper we read that the United States has withdrawn its offer to help Egypt to build the dam. It seems to me the western nations are not facing up to the real challenge that the U.S.S.R. is presenting to the world at the present time. In the mail this morning I received a pamphlet entitled, "Education and Professional Manpower in the U.S.S.R." I gather this has been sent to all hon. members. It is a reprint from "Chemistry in Canada", written by Dr. Garnet T. Page, general manager of the Chemical Institute of Canada. This presents some information that I think has not received sufficient consideration in Canada. There is a picture of the university in Moscow. It gives tables describing the courses for different fields of engineering in Russia, a typical Soviet curriculum in chemical engineering and chemistry, and then it gives tables for Canada, the United States and western Europe.

I have not had time to study these tables at all but it seems to me that since Russia is spending so much of her gross national

product in the field of training scientists and engineers we should take careful note of the words of Dr. Page. In one paragraph he says:

> The Soviet educational system has been developed into a major arm for ideological and economic world conquest. Thousands of well-trained and politically indoctrinated engineers, scientists, teachers and technicians are being produced for export, to assist in developing the resources of countries outside the present Soviet orbit; and hundreds of thousands more are being prepared to meet domestic industrial needs.

When Mr. James S. Duncan, president of Massey-Harris, spoke to the Canadian Club a few weeks ago he pointed out this challenge. I have a copy of the press release in which he described the new university in Moscow which is situated on 1,100 acres of land on the banks of the Moskva river, and he describes the facilities. According to Mr. Duncan these are the most extravagant university buildings anywhere in the world. He goes on to point out that in 1954 Russia graduated almost 53,000 engineers compared to 23,000 in the United States. These students on graduation, he indicates, had put in 50 per cent more study hours than our students here. It seems to me that poses a challenge which we are not considering as we should.

The minister last night gave us the total amount it is costing us each year to maintain our forces in Germany and if you add on the total amount we spent for the planes that were recently given it seems to me that represents a very large investment. As Dr. Page points out, I think we are falling behind in Canada in the training of sufficient numbers of engineers and scientists and in making them available in our country and others that require the technical know-how we have available.

I read in the newspapers that last winter the Department of Labour called a meeting of all responsible agencies to look at this problem. I wonder if the minister could make any report to the committee as to what conclusions, if any, were reached by the advisory council or the interdepartmental committee that was established to consider whether or not we are graduating sufficient engineers and scientists in Canada to meet our own needs and to meet the challenge that Russia is presenting to the world today.

I would think that if the Minister of National Defence is able to have all the funds he needs, and without any question he has been able to do that, the suggestions made by the hon. member for Esquimalt-Saanich last night should be given the most careful scrutiny. If the best authorities are now coming to the conclusion that neither the west nor the east is going to start a thermonuclear war and that the Canadians are not going to be required in Europe indefinitely, it seems to me more consideration should be given to seeing that Canada will not be handicapped in the years to come by having insufficient engineers and scientists to staff our high schools and universities.

Could the minister give us some report on the progress of the advisory council on professional manpower?

The Chairman: Order. I did not interrupt the hon. member while he was speaking but hon. members should recall that the committee itself has agreed to the manner in which resolution 235 shall be discussed. We have agreed that the chairman shall call the headings and our discussion shall be limited to what is relevant under those headings. I do not see any way in which the hon. member's latter remarks could be called relevant to the militia of the Canadian army and I would therefore suggest that we confine ourselves to the manner in which the committee itself has regulated its work.

Mr. Nicholson: Mr. Chairman, in the light of the most useful remarks made by the hon. member for Esquimalt-Saanich last night and in view of the comments I have made and the fact that this department does worry about the problem, if the minister prefers to answer later it is quite all right with me, but I think at some point he should be prepared to answer the question I raised.

The Chairman: May I point out that the hon. member for Esquimalt-Saanich made his remarks while we were discussing the heading "Canadian army, regular and general".

Mr. Nicholson: Mr. Chairman, I have been waiting to take part in this debate. I understood we were still on that item. There was a great deal of noise in the house this morning.

The Chairman: The discussion under the heading "Canadian army, regular and general" was completed by mutual consent some considerable time ago and several members directed questions to the minister under the heading we are now discussing, "Canadian army-militia, including Canadian officers training corps", before the hon. member for Mackenzie rose to his feet. Now, I did not interrupt him but I am convinced that hon. members would feel his remarks are not relevant under the heading we are now discussing.

Mr. Nicholson: Mr. Chairman, I certainly did not hear the proceedings. It has been very noisy in the chamber this morning. I have been waiting since last night to follow the

hon. member for Esquimalt-Saanich and I took the first opportunity that was presented to me but before we finish the item there will be an opportunity for me to repeat this and I am quite prepared to do that.

The Chairman: Is the Canadian army militia completed?

Mr. Hamilton (York West): No, Mr. Chairman. I, too, was very pleased to hear some of the remarks made by the hon. member for Esquimalt-Saanich last evening. In one case he referred particularly to the excellent food the overseas brigade was receiving. It came to me as somewhat of a surprise to read an article in the Hamilton *Spectator* of July 12 written by a well respected writer, Mr. Kingsley Brown. This article deals with the conditions in connection with food so far as the militia camps are concerned.

I know, sir, that you do not like these things being read so I may have to follow the legal method of saying that I will adopt these words as my own, but I think at least a few paragraphs of this article might very well be read into the record. Here is what this writer says:

> Down at Camp Niagara, where several thousand citizen-soldiers of the militia are taking their annual summer training, it was taking more than an orderly officer's bark to stem the flood of complaints we heard early this week about the food and the way it is served.

You know how the orderly officer goes around and inquires if there are any complaints and dares anybody to speak up. The article continues in this way:

> Having spent several days living at camp Niagara we can say that the complaints were justified. Food was of a poor quality—we were served black potatoes that had obviously been frozen or diseased —the coffee—when it was available to those who turned up during the first hour of the mess period, was so cold it wasn't worth drinking. If you did drink it, the effect was more emetic than stimulating.
>
> Glassware and dishes weren't clean. They may have been dunked swiftly into water and then put out to dry, but they certainly weren't washed. Not those we sampled, at any rate.

The writer goes on in a very serious article and concludes in this way:

> There is simply no excuse whatever for Canadian soldiers, at a home training camp in peacetime, being served in this fashion.
>
> Canadian militiamen in training aren't looking for any fancy catering. They don't expect French chefs. They don't look for more than the normal camp mess furnishings.
>
> But they have a right to expect good wholesome food, served up promptly in clean utensils. If the Canadian army is really interested in having its militiamen come back to camp next year, it will have to see that they get it.

That is an article which appeared in the Hamilton *Spectator* of July 12, 1956, written by Mr. Kingsley Brown. I agree with the rules which state that we should not quote directly articles like this, but if there is no committee we must hammer and hammer away in order to get direct factual evidence in connection with conditions of this kind. I say that the opposition is left with no alternative but to bring forward the best evidence we can get.

This article by a respected writer is an indication of a condition which I think is no credit to the department. I submit it is something which demands an investigation and it certainly warrants a reply. As I said last night, I am pleased that this type of condition did not prevail overseas according to the reports we have, but apparently it does exist here. The important factor is that these men are part-time volunteers and many of them give these services at considerable inconvenience to themselves. If there is a real desire in the department to make use of the militia as a really active group within the defence set-up, then this type of condition should not exist. I ask that the minister consider some type of investigation so that there will be no necessity for articles of this sort appearing in our newspapers.

Mr. Philpott: Mr. Chairman, surely we do not take any unsupported statement by a writer in the press as being the gospel truth. A lot of plain, downright nonsense appears in the press from coast to coast. I have contributed a good deal of nonsense myself in the 33 years I have been writing for the press, but I think my batting average may not be too bad.

The evidence presented by the hon. member for York West certainly does not tally with information I have had from people who have gone to the same type of camp. It may very well be that the cooks in Ontario are backward, dirty and messy people who do not clean up the cook room, and perhaps the cooks whom we have in British Columbia and Alberta camps are of a naturally higher order as one would expect in western Canada, but certainly the information the hon. member has given does not tally with the information we get in British Columbia with regard to militia and other types of army camps. I saw some of them last year. I see my old friend, the hon. member for Esquimalt-Saanich, who will remember what the conditions were like in some of the army camps during the first year of the first world war. The cooks in all types of army service camps today are just so much better than they were 33 years ago that no one is warranted in opening his mouth about them.

Mr. Hamilton (York West): Mr. Chairman, I do not think we should have to sit and listen to that type of reply on behalf of

the Department of National Defence. As a matter of fact, the statement by the hon. member for Vancouver South is the best evidence we could have that we need a committee on national defence to investigate these things firsthand. I prefaced my remarks by saying that I was not sympathetic to the practice of reading information of this kind into the record, but it is the only weapon we have, it is the only method available of getting information across to this committee. I am surprised that the hon. member for Vancouver South should stoop to slandering a member of the profession to which he belongs.

Mr. Campney: I may say that the observations of the hon. member for York West aroused nostalgic memories of the days when I was a private in the rear ranks and of the food that we used to get at that time. I am surprised at the report he has read because I have had no complaints of any such conditions obtaining, either in the regular army or the militia camps.

I know from personal experience that the rations, the cooking and serving of food today are extremely good, whatever branch of the service is involved. I understand also that the same rations are issued to the militia when they are in camp as are issued to the regular army. I sampled the food in Korea and Europe and various other places and had to do some strenuous reducing as a result of that sampling.

There is one difficulty which is sometimes encountered in that the militia do not have the same access to thoroughly trained army cooks as does the regular army. This may be one occasion where that has happened and where the cooking staff has been below average. I shall look into it, because it is something I do not approve of and do not want to see continued.

Mrs. Fairclough: The writer quoted by the hon. member for York West is known to me. He is a highly reputable writer and I know he does not colour his article. If he reported in that way I take it that what he reported is true. The minister has said that as far as the militia is concerned they do not have the trained cooks they have in the army. Are these services not supplied by commercial caterers and, if so, what firm is doing the catering at Camp Niagara?

Mr. Campney: I understand the army does use caterers on some occasions and in some camps. I do not know who is doing the catering in this particular camp but I shall look into it.

Mrs. Fairclough: If there is a caterer, would the minister's statement still hold that the rations available to the militia are the same as those available to the regular army? Would the caterers be instructed as to what they were to serve or would they use their own judgment?

[Mr. Hamilton (York West).]

Mr. Campney: The rations are issued by the army. A caterer would be provided with the rations which would be the same as those issued to the regular force.

Mrs. Fairclough: Then it would appear to have been bad preparation?

Mr. Campney: I would think so.

Mr. Nicholson: I assume that since the item we are now on includes the C.O.T.C., my remarks were in order although previously I did make reference to the remarks made by the hon. member for Esquimalt-Saanich. The minister told us last year that it costs around $65,000 to train a pilot for the air force. This service is very attractive to a large group of young Canadians and I should like to know what consideration has been given to the problem which apparently is occurring in various parts of Canada in connection with an apparent shortage of trained scientists and engineers. The C.O.T.C. is in very close touch with problems in the universities. The minister's department is attracting a very large number of the ablest young people in the education field in Canada. Would he indicate what progress has been made in the discussions of this advisory committee regarding this problem?

Mr. Campney: I am sorry, but the committee to which the hon. member has referred is not associated with my department. We are naturally concerned with the number of scientific people available in Canada, in two ways: first, as engineers and technicians in the services; and, second, as pure scientists, if you will, and applied scientists in the defence research board. We get a fair share of these people, but as to the numbers who should be trained in Canada and how many are being trained in Canada—the second part of the hon. member's question—I am afraid I am not in a position to advise him, nor as to what general steps are being taken, what are regarded as possible or what the need is.

We are in touch with these matters at the two points I have mentioned. The defence research board is doing a good deal in this field to provide scholarships and to induce people to carry out work within its jurisdiction. We are educating a number through the officers' training plan and the various plans at universities, but that is only a small segment of a very large picture, and I do not think I am competent to make observations or draw conclusions on the larger picture.

Mr. Nicholson: Could the minister indicate what considerations are given as to whether there is a growing need for pilots, for example, in the light of the change in the world situation as described by the hon. member for Esquimalt-Saanich? If we are not going to be engaged in the type of warfare experienced during the first and second world wars, it seems to me that at some point consideration should be given as to whether the Secretary of State for External Affairs and the Minister of National Health and Welfare should not be given a larger percentage of the personnel who are being trained in Canada. I understand that all the departments of government were called in to have a look at this problem last winter, and there should be some report at some time as to whether any shift in emphasis is going to be made.

Mr. Campney: I think the committee to which the hon. member referred and the research program to which he referred are under the jurisdiction or guidance of my colleague, the Minister of Labour. If I may be permitted, I shall make a few observations about the other part of his speech, the part in which he referred to the remarks of the hon. member for Esquimalt-Saanich last night. We are, both as a government and as a department, very much concerned, of course, with the developments that are taking place today in the world, though it is probably too soon to evaluate them thoroughly. We have established our position, along with the other members of NATO, on the basis that the deterrent effect of our own capacity to reply in kind is the best defence we have and probably the best defence we can have. It is one thing for our possible opponents to launch an attack, either with thermonuclear weapons or without, as was indicated as a possibility by the hon. member for Esquimalt-Saanich, if they know there is no great defence against it or no great retaliatory capacity to meet it. If they do launch an attack, however, they know that they will get two for one or a very heavy counter-attack. We must not forget that.

They are seeking now to shift the conflict into the commercial, economic and political fields, but I suggest that we should proceed very cautiously in accepting that. I also suggest that, as we have built our strength through NATO, we should consider any change in our attitude through NATO. Individually we may have different views to some extent within NATO, but I believe very strongly that the events of the past few years have amply demonstrated that we must keep NATO operating as one unit, whether it is in the field of defence or whether it is in the field of economics and associated activities. I think that our strength will depend on the extent to which we are able to do that.

NATO is not static. It can change its emphasis and its approach if the facts warrant. I would conclude by saying: First, we should be very sure that the facts warrant any change; and, second, such change should be made only through NATO.

Mr. Patterson: It was not my intention to enter the debate on the estimates of this particular department. My military experience is very limited. In fact, the only knowledge I have been able to glean in the matter was in my high school days when we took rifle drill with the old Lee Enfield rifles and were instructed in the niceties of bayonet warfare by a military sergeant-major whom most of us feared and some of us sincerely disliked. So I do not feel qualified to speak on this particular matter.

However, I should like to commend the minister for the expression of opinion to which we have just listened. Having listened to the hon. member for Esquimalt-Saanich last night and to the hon. member for Mackenzie this morning, we appreciate of course their viewpoints, and we appreciate the splendid record of the hon. member for Esquimalt-Saanich; but certainly I feel we ought to be very careful in the appraisal of the situation at the present time.

With regard to the suggestion that it may be time to withdraw troops from Germany, I realize that there may be something desirable in that, but certainly we ought to take a look at the other side of the picture. It may be true that the Soviet union is changing its strategy and moving into the field of economic and political warfare, but personally I am not convinced that they have given up the idea of military aggression and expansion. If they can divert our attention, get us to lower our guard and get us to neglect our defences, I should say that is exactly what they want us to do. Certainly if there is any suggestion that we let down on the military aspect of this proposition, I would say that we ought to approach that in a very cautious manner.

In an article in this morning's *Globe and Mail*, I believe, Chancellor Adenauer of West Germany expressed his views regarding the possibility of the withdrawal of the NATO forces from his country. He was very much perturbed over the situation. Certainly I should like to state again that, in any thought along this angle, this matter should certainly be studied very seriously lest we succumb to the temptation to take an easier route and thereby let down in our defence system.

Mr. Diefenbaker: I am sure that no one in this house is more qualified to speak on

this subject with which we dealt last evening than the hon. member for Esquimalt-Saanich. Indeed, I am of those who believe that the statement he made last evening has been rather more loosely interpreted than the actual wording of his remarks based on his recent experience. Certainly there is no one in the house who will be misled by the smiles that have taken the place for the moment of the snarls of communism, but no one can lose sight of the fact that some change or detour has been made by the U.S.S.R. in recent times. The question of defence still remains pre-eminent, and as I understood the hon. member's remarks last evening in no way did he take a contrary view. Nevertheless he did suggest that in the change that has taken place in the U.S.S.R. there is a challenge to free enterprise and private enterprise everywhere in the world on the part of the U.S.S.R. in its new trade policy.

In order that the people of this country will not be misled by communism our newspapers make a commanding and important contribution to the building of public sentiment. I should have liked to hear the hon. member for Mackenzie comment on the reported speech of Mr. William Irvine, a former member of this house, who, if reported correctly, made an irresponsible speech, a speech dangerous because of its nature, a speech in which in fulsome words he warmly commended the U.S.S.R. for its high grade democracy. I hope we shall have a copy of that speech, for it is one of those things that will be used by the U.S.S.R. as a propaganda means to indicate how wonderful things are under communism, however divergent that view may be from the actual facts.

Sir, I rise for the purpose of paying a particular tribute to the foreign language press of this country. Other than the 15 or so communist papers that are published, the remainder of the 140 foreign language papers are making a wonderful contribution in their stand against communism and also in meeting the kind of propaganda to which I have just made reference. I should like to ask the minister this question. What was the total amount expended last year on advertising by the Department of National Defence? I have a question on the order paper in that regard and I should like the minister to give me an answer thereto. It is question No. 551.

I believe that the non-English and non-French press of this country, other than the communist press, deserves a fair and more reasonable share of the national advertising than it has been receiving in the past. The foreign language press has a reading public among the peoples of the various languages represented by that press and it deserves at least a reasonable and fair share of the national advertising done by the government of Canada. I do not mean by way of a subsidy or honorarium, but it would give that press the means of continuing the work it is doing to meet the infiltration among foreign language groups in which communism is continually engaged.

I should like the minister to say first of all what was the total amount spent by his department on national advertising, recruiting advertising, during the last year, or in the last two years if he has the information, and how much has been paid to the foreign language press. Personally I feel that the foreign language press, the non-communist group, and I re-emphasize that, is doing a great and valuable service to Canada and also for the preservation of the democratic way of life. Believing that, I feel that every consideration should be given not only by the Department of National Defence but by other departments of the government to preserving this press in the work it is doing, not by handouts or by assistance but simply by the allocation of a reasonable and fair share of national advertising.

Mr. Campney: I am sorry that I have not been able to answer in detail the question asked by the hon. member because it is taking a good deal of time to collect and check the information, but for the calendar year 1955 the total amount of the advertising for recruiting purposes which we placed in the press was $1,605,000 for the three services. I have not got the figure in front of me but my recollection is that the estimate—

Mr. Diefenbaker: Approximately the same the year before.

Mr. Campney: I think so, and during the fiscal year in which we are now engaged I think we reduced the total by something like $400,000. I will try to expedite the other phase of the answer in which the hon. member is interested.

Mr. Harkness: Mr. Chairman, I should like to revert to the matter of messing as far as militia camps are concerned. My information with respect to Alberta, contrary to that of the member for Vancouver South, is that where caterers are employed there have been a considerable number of complaints. The army rations are extremely good and adequate, and if there are reasonably good cooks they can prepare extremely wholesome and good meals from those rations. However, I rather doubt whether the minister's information is correct that these caterers are all issued with army rations and

then go ahead and prepare the meals from them. If my information is correct, in some cases at least they receive a per diem allowance and then feed the men out of that. I think it is under those circumstances particularly that complaints and difficulties arise as far as messing at militia camps is concerned. In any event, it seems to me that where there have been complaints and difficulties with respect to feeding of men at militia camps the caterers who have been in charge where these complaints arise should not be re-employed.

I do not know upon what basis these contracts are entered into. I do not know whether or not the contract is given to them for the whole course of the camp and, no matter what kind of food they put out, they continue to have the messing contract. But if that is the case, it should be issued on the basis that if the food is not satisfactory they are finished and somebody else goes in. I wonder whether the minister can just tell us what the provisions are in that regard. As has been indicated by other members, in order to attract members of the militia to these camps, it is absolutely essential that the best possible meals that can be prepared and given to the men under camp conditions should be provided. These people are taking their holidays when they are at these camps. Certain it is that if they are not reasonably well fed they are not going to come back the next year.

Mr. Campney: I may say that I agree entirely with the hon. member for Calgary North. I am told that what I observed a few minutes ago is true, namely that we supply the rations from the army in each case to military camps and that they are the same as the regular rations. In many camps we have a catering contract. When we want a catering contract entered into we make a requisition on the Department of Defence Production who call for tenders in the usual way. Probably the per capita amount to which the hon. member has referred is the figure for service, supplying equipment and doing all the things which must be done to prepare and serve the food. In view of the observations that have been made here, the matter should be looked into. From my own experience I certainly agree that if you want men to go to camp, you must feed them well. That situation obtains in any camp, whether it be a lumber camp or any other camp where people do strenuous outdoor work. If you do not feed them well, you are going to have dissatisfaction. I shall certainly be glad to have this matter reviewed.

Mr. Harkness: There is one other question I should like to ask in this connection. If the rations are in all cases supplied to these caterers, is there any means to ensure that the rations are actually served to the people there in the camp and that this catering company does not take part of those rations off in order to feed some civilian workers for whom they are also catering? That is something which is quite possible.

Mr. Campney: I understand that in each camp there is a catering officer from our services whose job it is to see to it that just that thing does not happen.

Mr. Blackmore: Since the chairman, I think very wisely, has allowed us to revert to discussion of a former matter, and since the question of what the hon. member for Esquimalt-Saanich said last night has been given some consideration and perhaps has had placed upon it an interpretation which he had no intention of having placed upon it, I think it is only fitting that I draw to the attention of the house and of the people throughout the country this important statement which appeared on September 19, 1955. As others have already said, I think the great danger is that we shall begin to "take things too easy".

This is a statement by Nikita S. Khrushchev, secretary of the communist party in Russia, as reported in the New York *Herald Tribune* of September 19, 1955. I am quoting from a book entitled "An Idea to Win the World" by Peter Howard. The only authority I have is this book but I am quite confident that the book is correct. Here are the words:

> Russia's smiles are sincere, but this doesn't change our conviction that Communism will triumph throughout the world.
>
> We will win, but we will not have to go to war about it.
>
> We told Dr. Adenauer very frankly that Western Germany was going the way of capitalist decay. The way of the future is the way of the German Democratic Republic (Communist East Germany). Eventually all Germany will see the right way.
>
> They say in the West that something has changed since the Geneva conference. They say that the Soviet leaders smile, but that their actions do not match their smiles. But the smiles are sincere. They are not artificial. We wish to live in peace. But if anyone thinks that our smiles mean that we abandon the teachings of Marx and Lenin or abandon our Communist road, then they are fooling themselves. You might as well say that Easter always falls on Tuesday.
>
> We are for co-existence. But we are also for the growth of Communism. The only reason we are for co-existence is that in actual fact we are confronted with the reality of two different systems. You capitalists go your way so long as you do not see that it is the way of the blind.
>
> Victory for Socialism? We don't have to go to war to obtain this victory. Peaceful competition will be enough. We will see who is right. If you really think (addressing the capitalist world) that your system is not too old and rotten, if you believe that it is really possible to keep in

the race, go ahead and try and compete. But the truth is on the side of our people. Our people do not depend on your love or your hate.

Now I should like to draw a matter to the attention of the people throughout the country and of those in the house who have not had this fact impressed upon them. If Khrushchev were speaking as a Russian in that speech and if he represented Russia, we might say, "Well, the Russian people will probably change their minds". But Khrushchev is not speaking as a Russian. He is speaking as a member of the communist conspiracy. There are not more than seven million or eight million of these people in Russia, I am told. However, they dominate the whole of Russia with its 200 million people, they dominate China and they will dominate every area that will come under their control.

Who are these people? They are peoples whose minds will not change. They are people who are not of our race. They are alien people. Someone asked me yesterday if I could give an idea of who they are. May I say that two years ago I clearly implied who they are. They are Turko-Mongolian Reds. There will be those who will laugh, but the laugh will be on the other side of their faces when they get a little bit more knowledge. So many people, because they do not happen to know the facts, assume that nobody else knows them. In all our dealings in Canada as a whole and in this house, let us just bear in mind the fact that we are not dealing with a people whose blood to any extent resembles ours at all but that we are dealing with a group of alien people who are definitely aiming to rule the world.

Mr. Philpott: I hope the hon. member makes it clear that he is not referring in any way to Turkey, because he knows very well that he has already given offence to Turkey in that regard.

Mr. Blackmore: I do not know that I have ever heard of the Turks calling themselves Turko-Mongolians or Turko-Mongolian Reds. Let us be realistic. The hon. member raised that matter last year. Two years ago I did not say "Turks". I said "Turko-Mongolian Reds". That is an absolutely different thing.

Mr. Philpott: As long as everybody understands that, I am content.

Mr. Blackmore: I hope everybody understands that now. I have put it just as clearly as words can make it here on the floor of the house. You find such groups as that of Chinese Turkestan. Turks are all over the place. But these are Turko-Mongolian Reds. That means, Mr. Chairman, that they are descendants of Esau. I hope that is perfectly clear. I am not going to take the occasion to show that fact from Scripture, but it is just as clear as can be, to a person who knows the Bible.

The Deputy Chairman: Order. Just before we go any further, I wonder whether I might make a suggestion to the committee. We all know that item 235 is an all-embracing one and that, if we get very technical, we can say that any discussion dealing with defence is in order on item 235. However, I think it was agreed by the committee, for its own convenience, that at a certain stage we would discuss the matter item by item. I also pointed out at the time that the item itself will subsequently be referred to the committee. As found at page 6190 of *Hansard* I said this:

If it is generally agreed—

—and I think I had tacit consent—

—by the committee I shall call each subheading in the details, and when the discussion on that has been exhausted we shall proceed to the next. After we have gone through all the details item 235 will then be submitted to the committee.

My purpose in interjecting these remarks is that if we are dealing with a specific heading such as the army militia or the sea cadets, I think the whole committee will find it simpler if we confine our remarks to that, and then if we have any general remarks at the end, the item must still be submitted to the committee before it can be carried.

Some hon. Members: Agreed.

The Deputy Chairman: Is there anything further under army militia?

Mr. Harkness: Mr. Chairman, I am interested in the situation of the militia artillery regiments, and I wonder whether the minister can tell us what equipment those regiments have at the present time? I refer, of course, to medium regiments, field regiments, light ack-ack and heavy ack-ack.

Mr. Campney: I am sorry, Mr. Chairman, but I cannot give the hon. member the information unit by unit or class by class. I shall endeavour to get that. I can give him a general statement as to some of the equipment the militia has.

Mr. Harkness: I am referring to the guns that these regiments are supplied with and the quantity of those guns.

Mr. Campney: Well, generally speaking, I understand we have available for the militia at the present time approximately 200 field artillery guns, including 35 105-millimetre howitzers. The remainder are mostly 25-pounders, and these are gradually being replaced now by 105-millimetre guns.

As to the breakdown between regiments, I am sorry I have not that available but I shall try to get it for the hon. member. We also have a considerable number of 90-millimetre ack-ack guns, probably 150.

Mr. Harkness: What I should like to know is how many guns on the average each medium regiment has in its possession for training purposes, how many 25-pounder guns each field regiment has and how many each light ack-ack regiment has of whatever guns it has at the present time—I presume they are Bofors—and how many of those 90-millimetre heavy ack-ack guns a heavy ack-ack regiment has.

Mr. Campney: I understand the issue of those guns depends on the general officer commanding, and is generally referable to the number of people training and the amount of training done. The present scale of 25-pounder entitlement is four to a regiment in one battery locations; six per regiment in three battery locations; eight for the regiment in four battery locations; and 10 for the regiment in five battery locations.

Mr. Harkness: Then, in connection with field regiments, what is the situation so far as medium regiments are concerned.

Mr. Campney: I will have to get that for the hon. gentleman.

Mr. Harkness: Has not the minister the figures in regard to the heavy ack-ack and light ack-ack regiments?

Mr. Campney: No, I have not that here but I can get it.

Mr. Harkness: It seems to me, Mr. Chairman, that these figures should be available when this committee meets. There should be no difficulty so far as supplying the information is concerned. One of the difficulties in carrying on the artillery training in any sort of realistic manner has been the fact that the artillery regiments have not been supplied with a sufficient amount of equipment and a sufficient number of guns, and so forth. Before the war when we were equipped with the 25-pounder and the 4·5 howitzer guns, each battery had its full complement of guns and there was no difficulty, as far as the battery was concerned, about going out to the nearest piece of vacant ground and doing the deployment and going through the general artillery procedures, in other words, training, so that in the event of mobilization for war the unit could go ahead and operate. That situation has never prevailed since the second great war as far as the artillery is concerned. A battery has been supplied with two guns, or one gun, probably, and it just could not carry out its training in any sort of reasonable, practical or realistic manner. I had hoped that this situation would be corrected. Apparently the 25-pounder is now being withdrawn and is to be replaced when they become available, from what the minister said yesterday, with 105-millimetre guns. In the meantime, I would be interested to know what the situation is if it should become necessary to mobilize any of these militia artillery regiments? Are there sufficient 25-pounder guns; are there sufficient 4·5 or 5·5 medium guns to enable those regiments, or really any number of them, to mobilize and go ahead with training at least with that equipment?

Mr. Campney: I understand that generally speaking it is felt by the officials that the current mobilization plan could be met with respect to guns if mobilization were required.

Mr. Harkness: Might I just pursue this a little further? We have shipped overseas to our NATO allies very large numbers of the 25-pounder guns which we held at the end of the second great war. How many of those 25-pounder guns do we still hold? In other words, what is our reserve of these field guns, which are the only ones we have so far as the militia is concerned?

Mr. Campney: I think the hon. member knows that we do not give out and have not given out the number of items of any particular part of current equipment. I think that has been generally accepted in the past; it has ever since I have been here.

Mr. Harkness: We have the information on the number of those guns that we had at the end of the second great war. For a considerable time now the number has been gradually reduced, and the minister apparently thinks it is a breach of security to give out the numbers that are left. I think in this committee we should be given the number of those guns that we have in order to know whether those militia artillery regiments, in the event of mobilization, could be equipped with guns or could not. I have been rather alarmed for some considerable time. As a matter of fact, I pointed out in this committee that since the second world war we have been constantly reducing the amount of our army equipment by shipping it to our NATO allies and at the same time not replacing it with what was looked upon as more up to date equipment, and this has been particularly the case in so far as artillery equipment is concerned.

The Deputy Chairman: Does that conclude discussion on army, militia? We shall proceed to the next item, Royal Canadian Army cadets.

Mrs. Fairclough: Mr. Chairman, I should like to bring up a matter which I think should be brought to the minister's attention. There is in Hamilton at the Westdale collegiate a Major H. A. Inman, who may be known to the minister, who has for many years trained the cadets there in rifle shooting. He has had a remarkable amount of success with those boys, and in the last three years eight of the 12 cadets who have gone to Bisley have been trained by him. Last year some of his cadets shot on the senior Bisley team. He has had a long and notable record in training these young people to go over to the Bisley shoots. It has been suggested to me by some of the citizens of Hamilton, inasmuch as an officer goes with these cadet teams, that in considering the appointment of someone to go with the team another year the minister might very well take into consideration sending with the team this outstanding officer who has such a fine record in training these young men.

The Deputy Chairman: Shall we pass on to the next heading?

Some hon. Members: Agreed.

The Deputy Chairman: Northwest highway system.

Mr. Barnett: A short time ago there was a report about a serious washout on the northwest highway caused by flooding, I understand. I wonder if the minister would give us a brief report on that situation and indicate to us perhaps in a specific manner the situation that did develop and what was done to cope with it.

Mr. Campney: I know that each year we have a series of these surprise floods and washouts. I frankly was not aware that they had started yet; usually it is a little later than this time of the year. I am unable to report on the specific case to which the hon. member referred. I understand a report is being prepared for me but it has not arrived at my desk as yet.

We have 132 bridges on the highway and since 1946 the army has been replacing them with permanent structures. We estimate that 98 bridges will require replacement within the next 20 years. Two large ones are under construction now, the Slims river bridge which is 966 feet long and the Nisutlin bridge which is 1,750 feet long. Until we get permanent bridges we are likely to have these recurring washouts.

I understand that flash floods in the area of the northwest highway are about as bad as any that occur anywhere on the continent. It is only with great difficulty that the army engineers are able to keep the highway open practically all the time but every midsummer we do have these recurring washouts. As I said, I am sorry I do not have a report on the specific instance in question.

Mr. Barnett: I take it from the minister's remarks that the washouts that are reported are not more than what are normally expected during certain seasons of the year?

Mr. Campney: Yes. A couple of years ago I think we had a greater number than for some years before or since but I have had no report that there is likely to be an unusual amount of this sort of thing this year.

Mr. Hamilton (York West): Mr. Chairman, because in certain quarters I have been regarded as the parliamentary assistant to the Liberal member for the Yukon and because it is impossible for him to be in his seat at the present time, I know he would like you to know that he feels the highway is being run in a very efficient manner and he is very well satisfied with it. As a matter of fact, I am not making this statement to get in good with the minister because I will probably have a brick for him later on.

The Deputy Chairman: Does that conclude the northwest highway system?

Some hon. Members: Agreed.

The Deputy Chairman: Northwest Territories and Yukon radio system; shall we pass it?

Some hon. Members: Agreed.

The Deputy Chairman: Royal Canadian Air Force—regular and general.

Mr. Dinsdale: Mr. Chairman, I have a few questions under this heading. First of all, the minister in a passing reference the other day made the statement that active consideration of an increase in the flying pay for members of the R.C.A.F. aircrew is under consideration. I am wondering if at this time the minister could give us more information as to the nature of this increase in flying pay?

Some reference was made yesterday to the fact that the Canadian army is the highest paid army of any of the NATO forces. The strange anomaly in the military pay scheme of things has been the failure to bring flying pay into line with general post-war developments in aviation and with increases in the United States air force in particular as well as the R.A.F.

I hope that if the matter is under consideration we are thinking of the problem of our being close to the United States border. Our aircrew is serving under somewhat similar conditions and that situation is more

than likely to increase as we move toward the closer co-ordination that would be necessary under the continental air defence plan for North America. Is it possible at this stage for the minister to give us a further insight into the nature of that proposed increase?

Mr. Campney: Mr. Chairman, the subject matter of the hon. member's question has been under consideration for quite some time. We have made studies of the comparable figures in the United States air force and in the British air force and have weighed and considered factors which obtain in our own air force. We have practically completed the submission to the treasury board in respect of this matter. I do not want to be held in contempt by the treasury board which still has to deal with the matter by disclosing our proposed figures and also because of the fact that before the rates come into effect there may be changes, but I can assure the hon. member we are approaching the point of action after a long and intensive study in which all these factors have been very carefully weighed.

Mr. MacLean: Mr. Chairman, I have a related question here. I notice that on page 19 of the white paper in the last paragraph, paragraph 61, reference is made to the problem of retaining in the services certain categories of personnel and a hint is given that action is being taken to rectify this problem.

I wonder if the minister has under active consideration some means which would reduce the wastage in the services especially of professional men. My understanding is that qualified engineers in particular do not feel their financial situation is in any way comparable to their opposite numbers in civil life. This situation, of course, is aggravated by the fact owing to industrial development and other things there is a scramble in industry for qualified engineers and this automatically creates a very great problem for the services in retaining qualified men especially in this branch.

I would like to think that some definite step is being taken to meet this problem, even perhaps employing engineers as civilians with special rates of pay or else by introducing a scheme of professional pay which would give them a rate somewhat comparable to their opposite numbers in civil life.

Mr. Bryce: Mr. Chairman, I wonder if the minister could give some consideration to a grievance I have at Gimli in connection with the maintenance crew. They put in 44 hours a week. They work 44 hours or six days and then they have two days off. That is, they work 44 hours or they work 6 days and then get two days off. If they have to work in any other part of the service they get holidays off. When this man works his 6 days, if Dominion day comes in that week it is not recognized, while another employer who has to work will get time and one-half.

The whole thing is quite complicated and I do not want to take up the time of the committee in explaining it, but if any of the minister's officials will get in touch with me I will be only too glad to give them details and perhaps I can do a more effective job that way than I can here in committee.

Mr. Campney: I shall be very glad to arrange for suitable officials to meet the hon. member, or I shall meet him myself. I am always glad to see him. We will see if we can get to the root of his trouble and determine what can be done about it.

Mr. Barnett: I have one or two questions I would like to ask the minister in respect to the rates that are paid to civilian employees. There was some discussion under the general item as to rates paid to prevailing rate employees and whether they are in line with those currently being paid in various areas, but I thought I would defer my questions until we got to the air force because that happens to be the branch of the service with which I have had the most contact.

What is the principle that is followed to decide whether people in certain occupations shall be considered as classified employees or as prevailing rate employees? For instance, diesel foremen, diesel mechanics and diesel operators are in the prevailing rate category while stationary engineers and telephone operators are in the classified category. I would point out to the minister that there seems to be a monotonous regularity in the appearance of advertisements for stationary engineers and watchmen and caretakers in the stations on the westerly and northerly parts of Vancouver island. I do not know just how many of these advertisements have appeared in the course of the last month or so, but the reason for this may be that these people are in the classified category whereas the rates they would receive if they were in the prevailing rate category might be higher. While the government has been tardy at times in bringing up the prevailing rates to meet those paid in the area, it might be that the rates are still better than those paid to classified employees doing the same work. I should like to know how this line of demarcation is arrived at.

Mr. Campney: As I understand the position on the civilian side, the prevailing rate scale is usually easy to determine. We try to keep up with the rates paid generally in

the area. But there are certain people who may be doing the same work—this is a bit confusing—and yet their positions are handled through the civil service as permanent positions in the classified category.

I must confess that there have been a number of occasions when I have found it difficult to determine the line where one begins and the other leaves off. In connection with the prevailing rate category, the Department of Labour makes surveys of different areas and advises us what we should pay in those areas. If we are paying that rate, that is the end of it; if we are not paying that rate, we bring it up to the rate recommended. It may be that some of the movement of tradesmen to which the hon. member has referred is due to the fact that possibly we are a little behind the going rates in certain areas. They are always fluctuating and while we do not try to lead the parade, we do try to catch up and eventually we do.

Mr. Barnett: Am I correct in assuming that as far as classified positions are concerned the same rate is applicable in all points in Canada?

Mr. Campney: That is correct.

Mr. Barnett: In the case of stationary engineers, the general rate paid in British Columbia might be a little higher than that paid in other parts of Canada and that might be one reason why there seems to be a recurring problem in connection with the employment of stationary engineers. I am using that as a concrete example as they seem to be always looking for this type of employee.

Mr. Campney: One reason why we are looking for stationary engineers is that we have been doing a great deal of construction work. Classified positions are supposed to pay the same salary anywhere in Canada but probably the rates are lower in some localities. There is another factor which confuses the issue further and that is still the number of grades in each classified position. Then there are supervisors who include in their work work of other categories as well. The schedules are very complicated and I certainly do not pretend to be an authority on them.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Philpott: I see the hon. member for Prince Albert in his seat. I have some remarks that may affect him, and I want to make them while he is still in the house.

[Mr. Campney.]

I think it was a great privilege for those of us who were on the trip last year overseas to the NATO parliamentary conference to be able to go on afterwards to our troops in Germany and particularly to visit our air division in southern France and southern Germany. I confess that just about this time last year I played hookey and neglected my duties here for about three weeks before that conference to travel in different parts of Europe, and I was very fortunate to be in western Europe at the time of the biggest sham battle, as we used to call them when I was younger, in the history of the world. That is the one that they call "Carte Blanche", in which the whole action was fought under as nearly realistic warlike conditions as it was possible to make them. It began with a simulated attack from east of the iron curtain, and the minute it began everything went into action right across the continent of Europe from Norway to the Mediterranean and the Black sea. The fighting was all carried out under service conditions.

As the hon. members for Calgary North and Prince Albert will remember, when we were privileged to visit our forces in Germany and southern France we had the great privilege of being briefed by the commanders of our first Canadian air division. I also had the great privilege of taking a good deal of time off and studying the actual reports of this carte blanche manoeuvre, and I think it was one of the most instructive things of modern times. I shall not trespass on the good will of the house today except to say that, from the official reports published, if it had been a real war and not just a pretending war, at the end of 48 hours no military formation of any kind by land, sea and air would have been able to carry on as an organized military entity.

But the part that particularly impressed me, as a Canadian M.P. visiting our first Canadian air division, apart from the natural attraction of having that wonderful visit with those very wonderful men, was to find the actual results of what took place in that carte blanche exercise. The actual statistics show that, whereas the Canadian air division competed with all other allied air divisions on a basis of equality, man for man and plane for plane our R.C.A.F. men and our R.C.A.F. units did 20 per cent better than any other NATO unit. When we asked the commanders and the staff officers responsible for that really wonderful performance what the reason was, they said with characteristic modesty that they thought that the Canadian was just as good as anybody else fighting on either side of that pretended battle line but they thought that the Canadian planes were a little better because they had found that

the Orenda engines stood up better under actual combat conditions and were so much easier to service that our men were able to get back in the air for 20 per cent more sorties than similar units of any other allied country.

As I see my old friend the hon. member for Esquimalt-Saanich there, I might say that I raised somewhat the same point as he raised yesterday of the possible future withdrawal from Europe of some of the forces that we had there.

Mr. Pearkes: May I rise on a question of privilege? I never mentioned withdrawal, and you will not find that word once in the *Hansard* report of my speech.

Mr. Philpott: Perhaps I misunderstood the hon. gentleman. Perhaps I should say progressive reduction of the number of forces. In any event, whatever the word was or whatever the idea was, I remember discussing the same idea with one of the people who for my money is one of the finest military leaders in the whole world today, and that is General Norstad. I have met a great many generals, admirals, vice-admirals, air vice-marshals and what not, but I have never met any single individual that gave me a greater feeling of confidence than that NATO commander that we have right now.

I might say that I was tentatively suggesting to General Norstad that perhaps the time might come when we Canadians would have to move some of our people home and station them up in northern Canada so that the Americans would not have to move in there. I did not find any enthusiasm on the part of General Norstad to that idea. He wants the Canadians right where they are today for many reasons but above all for reasons of morale.

So I say, without trespassing any more on the time of the house on that particular point, I think that every Canadian who visits our actual fighting forces overseas will come to exactly the same conclusion as did the hon. member for Esquimalt-Saanich, that we are extremely well represented, indeed that we are getting excellent value for our money and that we never had a finer fighting force outside Canada to represent Canada than we have at this particular moment.

As the hon. member for Prince Albert is still here and as we are discussing the first item on the air force, I may say that a very live question in Canada these days is the disposal of surplus aircraft. Among other things we have the proposal to turn over to Western Germany a certain number of aircraft we are now using, and from time to time in this house this year we have had the question of whether or not we ought to dispose of surplus aircraft to the state of Israel.

I must confess that, this morning and on recent days when the hon. member for Prince Albert rose and in tones of righteous indignation put the government on the spot for not more quickly making up its mind whether or not to sell these aircraft to Israel, I could hardly believe my own ears. I remember very well on January 31 when that very same gentleman, the hon. member for Prince Albert, in tones of even more fervent and righteous indignation moved the following resolution, seconded by the Leader of the Opposition:

> In view of the present critical situation in the Middle East, this house expresses its strong disapproval of the government's policy of authorizing the shipment of munitions of war to countries in that area not within the NATO alliance; and also condemns the government for the lack of candour with which the matter has been dealt with in this house.

I have seen some very clever military manoeuvres in my time. I have seen some very good generals in action, including the hon. member for Esquimalt-Saanich, who knew how to throw up a good smokescreen when he had to retreat, but I have never seen a cleverer smokescreen thrown up than by the hon. member for Prince Albert in trying to disguise the back somersault that the Conservative party is trying to accomplish with this business of aircraft for Israel.

I will say that my hon. friend from Vancouver East cannot in any way be criticized for this, because we all know he was absent from the house when this matter was discussed. I have been looking up the names of the people who voted for this absolute embargo on the selling of any planes to Israel, and among others who voted for that is the same gentleman who is now rising and in stentorian tones criticizing the government for being so slow. The following names are shown as voting for that:

> Aitken (Miss), Argue, Barnett, Bell, Bennett (Miss), Blair, Brooks, Bryce, Bryson, Cameron (Nanaimo), Cardiff, Castleden, Charlton, Churchill, Coldwell, Diefenbaker.

—and so on down the line.

Mr. Diefenbaker: You will notice that the resolution had to do with the complete lack of candour on the part of the government.

Mr. Philpott: If you look at the list of members in this particular vote you will find a very significant thing. The astute old member for Vancouver-Kingsway voted on the C.C.F. subamendment just previously, in favour of the C.C.F. He rose and hurried from the house before he had to vote on this Conservative amendment moved by the hon.

member for Prince Albert, which would have had the effect of depriving Israel of the right to defend herself in any possible war with the Arab states.

I happen to know a little about this remarkable conversion of the hon. member for Prince Albert. During my Easter holiday I, like himself, was on a sort of fireman's holiday, and both he and I were invited to make speeches in Edmonton during that Easter recess. It so happened that by accident he made his speech one day before I got there. So, when I got to Edmonton on my way back to Ottawa from Vancouver, what did I read? I read that the same hon. gentleman, the hon. member for Prince Albert, who had moved this very resolution in the house for an absolute embargo on the shipment of war planes to Israel, had, like Saul on the road to Damascus, been stricken by a great light when he got to Edmonton. When he got there he said that it might be a good idea if we supplied all sorts of planes to Israel so that they could have the means to defend themselves.

All I should like to point out is that what the hon. member for Prince Albert saw in the Easter recess we on this side of the house saw on the 31st of January and the first of February when he was trying to get an embargo imposed. Therefore my advice, for what it is worth, is that the government of Canada should no longer defer too much to the objections from the opposition and should pay no attention to the strong protestations from the Conservative opposition or from the majority but not all of the C.C.F. but should, without further delay and without waiting for the decision of any other country, do the very opposite of what the hon. member for Prince Albert said should be done, namely, sell Israel enough planes to make sure that she can protect herself against any possible attack.

Mr. Enfield: Mr. Chairman, before we leave this item, I have one or two questions of a rather simple nature with regard to the air force, in which I am particularly interested. They are prompted by the statement of policy on page 3 of the white paper where it says that the defence of this continent rests with strong strategic bomber forces which can go into action immediately under any circumstances. With regard to strategic bomber forces, I should like it confirmed that our role is confined almost wholly to the provision of early warning of enemy attack through our participation and co-operation in the establishment of radar installations. In the last war we were able to mount quite a sizeable bomber force. My particular interest arises because I took part personally in that effort, and it always struck me that the training of the personnel to man heavy aircraft is certainly a highly technical matter requiring very intensive training indeed.

Despite the fact that policy, as I have stated, seems to have set a limit on our role in the strategic bomber effort, I would ask whether we have any training program to familiarize pilots and other aircrew members with heavy aircraft such as the four-engine types that are commonly in use. I realize in asking that question that it may not be practical from our point of view to have a large force of such machines in use but at the same time I would also ask whether, if such is not the practice, we have a nucleus of highly trained people who are able to familiarize themselves with and keep up to date with advanced flying techniques in heavy aircraft, advanced techniques in navigation, which of course change constantly, and with advanced aircrew training techniques.

It seems to me that the provision of at least a nucleus of such people might be very beneficial indeed. I realize that we are concentrating our efforts on radar detection and, of course, fighter interception and the training of fighter pilots for the lighter aircraft, but I do not think this other branch of flying training should be completely ignored. I also raise this question because in paragraph 86 of the white paper we find that so far as training of pilots is concerned all of our training seems to be concentrated on aircraft such as the T-33 jet trainer, the Chipmunk, the Harvard, single engine aircraft. It seems to me that with some effort, perhaps not too great an effort or with too great an expenditure, we could provide some means to train a certain number of aircrew in other fields of activity.

I would be pleased if the minister would say whether he thinks such a program would be worth while, whether he believes it is necessary to have such a nucleus of trained men and whether, as a matter of fact, we do have any such training activity.

Mr. Campney: In reply to the hon. member for York-Scarborough I would say that as far as the heavy four-engine planes are concerned we have no operational planes in that category except, of course, in transport command and in maritime reconnaissance command. We do train and develop pilots to supply our needs in those two commands. I would also point out that we are part of a whole set-up comprising NATO in which each nation has its own particular part to play and we are not called upon to provide either strategic bombers or bomber fleets of four engine planes. Our role, as the hon. member has inferred, to the extent that we participate

is in the fighter field, other than the two commands I have mentioned. Therefore we have no bomber command pilot training unit or the nucleus of one.

The hon. member asked, possibly anticipating that answer, whether it would not be desirable to have some small group taking training in that direction who would also be able to train other personnel. The answer to that is that any training scheme for any type of plane is an expensive business and we could not afford to have a training unit or the nucleus of a training unit for bomber planes when we do not have bomber planes. It would just be too expensive a luxury.

I think it is better that we conform to the NATO idea and try to achieve the very best results we can in the fields where we are expected to operate. The last thing I would say regarding heavy bombers is that we do not, of course, have any thermonuclear weapons in this country, and that is the type of weapon for which the modern, heavy, four-engine bombers are designed.

Mr. Knowles: I should like to ask the minister a question or two concerning a phase of air training in which it is my impression there has been some improvement. I refer to the fact that a year ago we were greatly disturbed over the large number of crashes that had taken place in connection with the training program, particularly crashes of T-33's. As I say, it is my impression, although I have no figures to support it, that the number of crashes this past year has not been anything like what it was the year before. I am sure we all take the position that any crash, even one, in which there is loss of life is very serious and most regrettable.

I wonder whether the minister has any comparable figures to tell us how many training crashes there were and what loss of life there was in the year preceding the last discussion of the estimates and how many crashes there have been in the last year up to the present time. In that connection I am interested in what is said in paragraphs 86 and 87 of this year's white paper. Perhaps the best way to indicate the part in which I am interested is to read a few sentences from these paragraphs. Paragraph 86 reads in part as follows:

> 86. As a result of the continuing appraisal of training methods required to keep pace with modern developments in modern aviation, the R.C.A.F. altered the pilot training program in 1955 to provide all pilots with initial jet training prior to reaching wings standard. Students now receive basic flying training on Chipmunk and Harvard piston-engined aircraft and advanced flying training on Silver Star (T-33) jet-engined aircraft before being awarded pilot wings.

Then in the next paragraph there is this sentence:

> 87. Chipmunk aircraft were introduced at one basic flying training school as a pre-Harvard trainer to improve the sequence of training and to help reduce the number of student failures.

In addition to the questions I put to the minister and which he might answer by the giving of figures if he has them, I should like to ask whether it is a fair assumption to draw from paragraphs 86 and 87 that changes in the training program were made in order to try to cut down the number of student failures, as they are called or regrettably, as I think it might be referred to, the loss of life. He could also say whether any other reasons were found for the large number of crashes, whether they were mechanical reasons or whatever they may be. This is a matter that certainly was of great concern to us a year ago when more crashes were taking place. It is still of concern when any crashes are taking place. I am sure that any comments the minister might make would be listened to with interest.

Mr. Campney: I have not the figures of the number of crashes but probably this figure will convey the information required. I know that the accident rate for T-33's has fallen about 25 per cent in the last year.

May I now deal with the question of the change in procedure and the utilization of the Chipmunk, and the reference which was made by the hon. member to the paragraphs in the white paper. This change in training routine has nothing to do with the accident rate. As a matter of fact it was introduced for one principal purpose and so far it has proved to be quite successful. It was introduced because, by utilizing the Chipmunk in the early stages the unsatisfactory type—that is the person who for some reason gives evidence in his training that he is not going to be able to make the grade as a jet pilot—can be eliminated much more quickly and with much more economy by the system now followed than by the old system. It is therefore a method of early determination of the type of people who will likely get to the stage where they can fly jets.

As to what has caused the diminution in the accident rate, the air force have been able to find no specific cause. It was not structural defect nor has it been narrowed down to any particular cause. After the accident rate became fairly high a year ago, as the hon. member has pointed out, an intense study was conducted of every phase of jet training with the T-33. An exhaustive study was made because the officials thought they might find some specific cause, but they were unsuccessful in that. No specific cause was

found. All the training technique was tightened up. Just what the factor was which caused the great improvement in results, nobody knows. But it is not due to the change of set-up in training.

Mr. Knowles: It looks as though the attempt to tighten up the training program has had some bearing on the reduction of the accident rate.

Mr. Campney: We think so; yes. Then besides that, I suppose I should say this. As time has gone on, a great deal more experience has been gained with the jet trainer, the T-33, and more has been learned about it. That knowledge has been put to good use in the method and procedures adopted.

Mr. Knowles: May I ask whether investigation as to the possible causes of these accidents is still being carried on.

Mr. Campney: Yes. We now carry on an intensive examination in respect of every accident, not only of the plane but of the circumstances, where the pilot has been killed in the accident. Every factor having to do with the flight of jets is examined into.

Mr. Harkness: I have one or two questions to ask on this same subject but on a somewhat different line. I wonder whether the minister could tell us how many crashes there were of CF-100 planes during this past year as compared with the number the year before? What has been the loss rate with respect to CF-100's? I refer to the loss of planes.

Mr. Campney: Again, I have not the actual figures with respect to crashes. However, I can give the improvement in the accident rate with respect to the CF-100, comparing the two years. It is about one third better this year than it was last year. The improvement is even greater than with the T-33.

Mr. Harkness: Has the minister not any figures to show the number of CF-100's lost through crashes this past year? That figure must be there.

Mr. Campney: No, Mr. Chairman; we have not the figure. We have other figures but we have not that particular set. I have the actual number of crashes.

Mr. Harkness: I wonder whether the minister would get that information and give it to the committee before consideration of the estimates is completed.

Mr. Campney: I will try to do so.

Mr. Dinsdale: Mr. Chairman, I was glad to hear from the minister that the plan to return to the three-stage training for pilots is at last being implemented. I was one of those who thought the attempt to streamline training and to have pilots moved directly from Harvards to the more advanced type was false economy. Now that we are moving back to the elementary trainer, I think I would agree with the hon. member for Winnipeg North Centre that it would serve the purpose of improving the grasp of elementary flying principles on a type of aircraft much less difficult to handle than is the T-33 jet. I was also pleased to hear the minister, in reply to the hon. member for York-Scarborough, emphasize the fact that Canada's important role in the NATO scheme of things and in continental defence is the provision of air defence squadrons. I agree with him that it would be almost impossible financially for us to participate in any worth-while way in the costly program of providing bombers for the strategic air command. But on this matter of air defence and fighter defence, it would appear that the CF-100 is going to bear the brunt of defence by the R.C.A.F. in the next three years, namely 1957, 1958 and 1959, or until such time as the CF-105 comes off the assembly lines.

We are hoping to have—at least information suggests that we might have—a prototype off the assembly line next year, and I imagine it will take a year or so to get the supersonic CF-105 into operation. But coming back to the CF-100, some statements were made in certain hearings in the United States of a rather critical nature, and I should like to have the minister's reassurance on this matter. For example, General Partridge, appearing before the subcommittee of the senate examining air force matters on April 30 and May 1 of this year, in part III, page 248 of the evidence, said this:

He said of the R.C.A.F.'s CF-100 jet interceptor, Canada's main defence weapon:

And this is a direct quotation:

"It is very good for their (Canadian) purposes in that it has long range. The only difficulty is that the aircraft is of postwar design and it is quite slow. It is as slow as the aircraft which we have in our inventory at the present time".

Now, I noted that attempts have been made to increase the operational capacity of the CF-100, and we are now into the Mark V, the CF-100 with extended wing tips. I am wondering whether there are any plans on hand further to modify the CF-100 to cope especially with the problems of speed, increase of speed, and the problems of increased altitude?

As a result of information that has come recently out of the Soviet, particularly since the visit of General Twining to the air show, it is now revealed that the new bomber types of the Russian air force are capable of much higher altitude than is our present CF-100.

I have heard rumours that there is to be a Mark VI version of the CF-100, and that they hope to attain increased altitude by adding small jet motors to the wing tips and also to increase the speed sufficiently to meet the additional challenge of any bomber threat from the U.S.S.R. Since it appears it will be three years before the CF-105 is operational, it seems to me that these modifications would be rather important. Can the minister give us any additional information on that score?

Mr. Campney: Mr. Chairman, the CF-100 is and has been under continuing development all its life and we have taken a number of steps year by year, and they are continuing, to give it more height and more speed. We do not think we have reached the limit of those steps yet, and the aircraft is constantly improving. When General Partridge said it was quite slow, I think that is a term that is relative to a lot of other things he had been saying. Quite slow in relation to what? Of course, it will be slow in relation to the prototypes of bombers that are presently beginning to be manufactured in Russia; it is slow in relation to the prototype of new fighters that are not yet operational. But, generally speaking, we feel that the CF-100 is still operational and very useful in every sense at the present time. I do not care to go into details, but we have done a good deal of development which has greatly enhanced its possibilities both in height and in speed and these developments are continuing.

Mr. Dinsdale: Can the minister say whether a Mark VI version is contemplated?

Mr. Campney: Well, I do not know whether we should call it a Mark VI, or whether it should be designated as a Mark VI, because, "Mark" on an areoplane, as the hon. member knows, means quite a major revision of the plane. We are turning out planes, and all the planes as they are being turned out are incorporating the new developments that are taking place. Whether we should call it a Mark VI or not is open to question.

Mr. Dinsdale: It appears that the report I read still has to remain in the rumour stage but I think if it is contemplated that small jet engines be added to the wing tips it would be a change sufficient to qualify it for a further extension of the Mark. But I shall be satisfied with the reply.

I want to carry this discussion just a step farther. Yesterday the minister made reference to the guided missile program, and he was of the opinion that prospects of the international ballistic guided missile, I think the official title is, are so remote that it is still in the realm of fantasy.

Mr. Campney: No, that goes a good deal farther than what I said.

Mr. Dinsdale: Well, the development is so remote that we have not given much attention to the problem from the Canadian standpoint. A week or so ago we were discussing this same question on the estimates of defence production and at that time the minister suggested that I had been reading too many detective novels, Buck Rogers stories. The comment of the Minister of National Defence yesterday and the Minister of Defence Production a week or so ago suggests that Canada has not given too much attention to this problem. I quoted at that time some rather pertinent information from the Alsop brothers on this score appearing in the press, which suggests that the advent of this formidable weapon is not as far away as we might be led to believe. I think it was the *Globe and Mail* which just a few days ago headlined a story that the Americans were in a position to launch the equivalent of the intercontinental ballistic missile from ships at a range of some 1,500 miles. Now, a new story on General Twining's visit to Moscow is very interesting. He was exchanging information with Khrushchev, I think it was, and the Russian military authorities. In a fit of good humour, so the report says:

> Mr. Khrushchev slapped his knee and roared, "Well, we want to see yours".

Twining had been asking to have further access to Russian air power and Mr. Khrushchev said:

> Well, we want to see yours. Show us your planes and we'll show you our ballistic weapons.

This was as recent as June. The United States general replied:

> You can read all about ours in our journals.

That is quite true. As I say, we go to the American journals if we want to get information as to what is happening in Canada, even.

Mr. Campney: Do not rely too much on it.

Mr. Dinsdale: I continue:

> "That's old stuff", the communist boss retorted. "We can show you old stuff, too. The question is who has the better missiles, you or we . . . but we won't show them to you today. Today is too early. We'll do it at some future date. Meanwhile, you keep yours and we'll keep ours. We'll show you what competition is".

Now, that suggests that there is considerable rapid development in this field to which, according to the statement of two ministers of the crown, Canada has not yet paid too much attention up to the present time. *Aviation Week* magazine for June 18, 1956, a United States publication, contains the following information:

The United States is ahead on short range defensive missiles while the U.S.S.R. is ahead on long range ballistic missiles.

From all the evidence I have been able to glean through diligent reading and research it would appear that the advent of a formidable intercontinental weapon is not as far away as we in Canada expect at the moment.

We have given some attention to missiles and it would seem that back in 1950 Canada was thinking very seriously of this next stage in weapon development because in that year we launched our "Velvet Glove" program. That program was wound up last year at a cost of some $24 million according to the statement of the minister. It has since been scrapped in favour of the use of what would appear to be a more effective air to air guided missile, the United States "Sparrow".

The expenditure of the $24 million has been justified by the fact that it has provided us with approximately 400 people, research scientists and so forth, who have acquired valuable experience working on this important type of missile. However, I feel that an expenditure of the sum of $24 million, which is quite a substantial amount, had a much more serious purpose when the scheme was first launched than merely providing training for Canadian scientists. I suspect there has been some discussion in defence circles concerning the threat of the guided missile era of warfare and the steps that Canada will take to offset that threat.

I do not know to what extent I can expect the minister to comment on these remarks but I do hope greater interest is being taken in this subject than that indicated in his very general reference to events that are still a long way off in the future. Certainly the fact that we have invested $24 million in a project which eventually had to be scrapped indicates to me that quite serious thought is being given to this next stage in weapon development. I wonder if the minister could make some comments on these observations.

Mr. MacLean: I just wanted to make a remark on the same subject, Mr. Chairman. Perhaps the interpretation of the hon. member for Brandon-Souris of the minister's remarks might have been somewhat exaggerated but nevertheless I think the minister's estimate of the time before which guided missiles or short range ballistic missiles may come into use may be somewhat longer than the estimate given especially by authorities in the United States.

I have here a report of the evidence given before the United States Senate subcommittee on the armed forces and the following appears:

The air force estimate of the guided missile was given by Major Robert P. Lukeman, of the war plans branch, strategic air command. Present Russian strength in jets and intercontinental bombers, he said, would be enhanced by "the two new conditions of war starting in 1958,—

That is just two years from now.

—the intercontinental ballistic missile, and the intermediate range ballistic missile . . . I do feel that they do inject one aspect into aerial warfare that is new.

Mr. Campney: Mr. Chairman, I would not want to leave the impression that we are not interested in the development of the intercontinental guided ballistic missile. Everyone who has anything to do with defence or with matters pertaining to that department in any country and all the civilians in those countries in fact must indeed be interested because it is a development of great moment.

I think the observation I made the other day was that from such information as I have been able to obtain I did not think operational intercontinental guided ballistic missiles would be available for quite some years.

I think one must keep quite a difference in one's mind between the prototype of an individual missile and an operational missile because, as the hon. member knows, there is a real difference in time lag between the two. I am told that the problems attending the long range guided missiles are in no way solved as yet. It takes a long time to develop a guided missile. I think the Nike was something like 10 or 12 years in development.

All I was wishing to emphasize was that I thought that it would be quite some years before operational intercontinental guided ballistic missiles would be available in operational quantity. I do not want to get into a technical discussion and I do not think I would be competent to do so in any event, but I understand that one of the greatest problems occurs when the missile comes down from above the atmosphere into the atmosphere. These are problems that are proving very difficult to solve.

I would also like to point out to my hon. friend that we do not regard the "Velvet Glove" as being either a dead loss or as being wound up. What I intimated the other day was that the "Velvet Glove" was the initial missile on which we have developed several hundred technical people and two or three plants which now have the know how and are in position, or will be, to commence the immediate manufacture of the "Sparrow"

which we have adopted for the present. Therefore it cannot be regarded as a dead loss. The fact is that when we reach the stage where we need an air to air guided missile we would not have been fulfilling our duty unless at that time—not several years ago but at that time—we had looked over the field and selected the one we thought would be the most useful as of then.

I think the experience we have had with the "Velvet Glove" is going to shorten the time element in providing the guided missile here in Canada which time otherwise would have been taken up with the development of a new missile.

The sum of $24 million represents a lot of money but I might point out to my hon. friend that the guided missile field is a very expensive field in which to operate either experimentally or operationally. The costs are very great indeed. Relatively, therefore, the sum he has mentioned in relation to the field is not as great as it might seem. We do not feel that the money spent on "Velvet Glove" has been wasted. Indeed, we feel we are now on the way to providing a missile for our planes that will be the equal of any in this field.

Mr. Churchill: Mr. Chairman, I would ask the minister if he is continuing with this research leading toward the development of guided missiles?

Mr. Campney: We are diverting to the "Sparrow" the work which was being carried on on the "Velvet Glove". I mention again what I said yesterday, that the Cold Lake range which we have developed and which was used in connection with the "Velvet Glove" will be used in connection with our experiments on the use of the "Sparrow". The two phases will proceed together. I think we have a pretty fair set-up to begin making air-to-air guided missiles and training our service people in their use.

Mr. Churchill: That would be to carry on with the "Sparrow" already designed by the United States?

Mr. Campney: That is right.

Mr. Churchill: The United States is considerably in advance of us in the development of guided missiles and it would perhaps seem wiser for us to adopt a missile which they have produced than to attempt to design our own. It seems to me that that was the weakness in the "Velvet Glove" program. I have another press dispatch from Washington which I think is quite reliable which appeared in the *Globe and Mail* of July 16. Referring to a guided missile having a range of 500 miles and which is apparently in use in the United States, it says:

> They said 10 ships now are equipped to launch the 500-mile Regulus missile with atomic or hydrogen warhead. They said a longer range Regulus with a speed equal to or faster than sound has already been flight-tested.

The article states that they are going ahead with the development of the 1500-mile Jupiter. They are so far ahead of us in the design of these missiles that we cannot do more than accept their design.

Mr. Dinsdale: The minister's remarks would indicate that there is rather close co-ordination between the Canadian and United States efforts on this score. I was unable to obtain from the reading room the particular copy of *Collier's* but it contains an article by General Quesada, the retired leader of the ninth army air force during world war II. He indicates that there is a lack of co-ordination among the United States forces in connection with their guided missile program and points out the wasteful expenditures which have been made by the army, navy and air force through pursuing their own respective courses in the development of their own distinctive air-to-air guided missiles. I was wondering when there is that lack of co-ordination in the United States whether it has been confirmed that Canada will be permitted to manufacture the "Sparrow" under licence.

Mr. Campney: The intention is to manufacture one of the Sparrows under licence from the United States.

Mr. Dinsdale: Is that confirmed?

Mr. Campney: It is confirmed and my colleague tells me the licences have been obtained.

Mr. MacLean: Mr. Chairman, I should like to have some reassurance from the minister in connection with the findings reported to have been made by a United States Senate subcommittee as follows:

> The D.E.W.-line radar chain across the Canadian arctic is ineffective as at present planned; by the time it is adequate it will be obsolescent, and a few years later it will be useless.

I should like to think that the D.E.W. line will be useful for some years to come regardless of development, and that through modification it might be used for the direction of ground-to-air guided missiles or something of that sort. I should like some reassurance on this matter.

Mr. Campney: I think perhaps I should refrain from getting into the area of assurances and reassurances. We hope and anticipate that the radar warning system which has been set up will be effective, not only

immediately but for a considerable time to come and that depending upon what developments take place in that field that it will be, subject to adaptation, in the future. But I am not bold enough to look into the future and certainly under the responsibility of my present position I cannot give assurances. I do not know the answers to many of the questions in this field which we are now discussing, and sometimes I think neither do some of the columnists who write such certain and definitive statements.

From such knowledge as I have, and it is not complete by any means—I prefer to take the advice of scientists and people who really have an appreciation of these things—I do not think I can go further than that. I do not want to be unfair to those who write these articles to which I have referred, but conjecture and speculation seem to be rampant. I do not suppose we can help that and probably we should not, but I do not think we should take as gospel truth all these things that are being printed or even that are stated before senate committees of the United States.

Mr. MacLean: In the details I find the item covering construction of buildings is increased from roughly $69 million to $99 million and I should like the minister to give an explanation of this large increase. Perhaps he could also indicate what progress is being made in the program of building permanent hangars in the various stations across the country of the cantilever, arch or any other type. I think this is of vital importance although such construction is extremely expensive. Perhaps the minister could indicate the cost of a typical cantilever type hangar.

Mr. Campney: Practically the whole of the increase in the construction of buildings and works is attributable to expenditures on the mid-Canada line, which last year were something in excess of $16 million and this year are estimated at something over $45 million. The cost of a cantilever hangar is close to $6 million. A number have been completed and hangar construction is progressing and continuing. I do not know at what percentage point we are in the whole program at the moment, but I should think we are over the top on the gross expenditure each year.

Mr. MacLean: I notice that in the item for procurement of aircraft there is a decrease of almost $100 million. Perhaps the minister could explain that. While he is getting the figures, I have a few related questions. I should like to know whether the maritime squadrons are fully re-equipped with Neptune aircraft and, if not, when is it expected they will be? When is it estimated the first Britannias will be available to the maritime command?

Mr. Campney: Perhaps I might answer the two last questions first. The re-equipping of the maritime squadrons with Neptunes is complete. It is expected that the first plane based on the Britannia will come off the production lines at about the end of next year. The major portion of the decrease in the item is in the fighter-interceptor aircraft category. Sabre production will be continued in 1956-57, but at a reduced rate from that of the previous year, as the foreseeable needs for this aircraft begin to be fulfilled. The production rate of the CF-100 will be maintained at about the present level, which has just been reduced, and will be somewhat below, of course, the program originally planned. The stretch-out of the CF-100 program is designed to maintain production of these aircraft at an economic level which will keep pace with what we hope will be the eventual production of the CF-105. It is the readjustment of these manufacturing processes that accounts for the reduction.

Mr. MacLean: Could the minister give some indication as to when it is expected the modifications will be completed on the two Comet aircraft owned by the air force that have been flown overseas for modification, and what is the estimated cost of these modifications that will make the Comets serviceable?

Mr. Campney: We expect that the Comets will be reconstructed and back in service in slightly over a year. I think one is now in England and the other one left for there this week. The cost of reconstruction is estimated at about $400,000 each.

Mr. MacLean: I have one other question regarding the supply of aircraft. My understanding is that four squadrons in Europe have been re-equipped with the CF-100. I believe I am correct in thinking that one squadron with each wing will be a CF-100 squadron. I should like to know whether it is tactical considerations that dictated this change and, if so, will the CF-100 be the permanent equipment for these long-range squadrons, if I might call them that, in each wing, or is it expected that they will be replaced by some other type of aircraft manufactured perhaps in some other country?

Mr. Campney: There are four squadrons of the air wing that will be equipped. They are not equipped now, but they will be equipped with CF-100's. It is expected that one of them will be equipped this year and three next year, and it is intended that one will

be attached to each wing, superseding a Sabre jet squadron in that wing. The reason for the introduction of the CF-100 into the air wing is the request by the military authorities of NATO.

Mr. Thomas: On page 337 there is an item for construction of buildings and works, $99 million. I wonder whether the minister could give us a breakdown by provinces of those expenditures.

Mr. Campney: I have the totals only:

Alberta	$ 5,981,000
British Columbia	2,314,000
Manitoba	3,800,000
Newfoundland and Labrador	3,036,000
New Brunswick	4,303,000
Nova Scotia	2,043,000
Prince Edward Island	1,177,000
Ontario	9,279,000
Quebec	11,921,000
Saskatchewan	1,463,000
Yukon	1,846,000
Europe	2,837,000

The total is approximately $50 million.

Mr. Thomas: I might point out to the minister that the item is for $99 million, which leaves a discrepancy of over $40 million.

Mr. Campney: There is also $45 million for the mid-Canada line. I think that makes up the difference. The remainder, to bring the two figures together, is for rehabilitation and running maintenance. The figures I gave the hon. member are for new construction, totalling $50 million.

Mr. Thomas: Underneath that there is an item for repairs and upkeep of buildings and works, including land, of $11,900,000.

Mr. Campney: That is right; there is a vote for maintenance. The smaller items which I said should have gone into the other vote are in this vote. The maintenance items are in this vote.

Mr. Green: Mr. Chairman, there are three questions about which I should like to have a further explanation by the minister. The first has to do with the mid-Canada line. In the white paper at page 5 we find this reference to that line:

> Construction of the mid-Canada line under Canadian direction and of the D.E.W. line under United States direction is proceeding according to schedule. Arrangements are now being worked out for civilian personnel to undertake the bulk of the maintenance and manning for both lines. The costs for building and manning the mid-Canada line are being met by Canada; the R.C.A.F. will be responsible for the operational aspects of the line.

Then on page 41 there is a further explanation reading as follows:

> Construction of the mid-Canada supplementary warning line in the vicinity of the 55th parallel of latitude constitutes one of the most challenging and complex projects ever undertaken for the armed forces as an all-Canadian project. The R.C.A.F. has the over-all responsibility for the project and the combined effort involves close co-operation by a number of government departments and agencies and many private companies and contractors in all parts of Canada. The resources of the trans-Canada telephone system are being utilized, this system having named the Bell Telephone Company of Canada to act for it as management contractor. A special division of the Bell Telephone Company was formed to undertake the building of the line.

Are we to understand from these explanations that this line is being built by the Bell Telephone Company? Furthermore, I should like to know who constitute the trans-Canada telephone system and whether the line is to be operated by the R.C.A.F., as indicated on page 5 of the white paper, or by some civilian agency and, if the latter, what agency is to operate it. I have one or two more questions about the mid-Canada line, but perhaps the minister could answer those.

Mr. Campney: I think this particular question could perhaps be more effectively answered by my colleague. The basis of the situation, as I understand it, is that the Royal Canadian Air Force is responsible operationally for the line but the maintenance and the day to day carrying out of the physical activities will be done by civilians when the line is in operation.

The set-up for building the line is fairly complicated and could probably be explained better by my colleague the Minister of Defence Production when his estimates are under discussion, because the matter comes under that department. We prepare the specifications, and collaborate in the designing, but the actual requisitioning to procure the building of the line is done through the Department of Defence Production, and I would prefer not to get involved in the inter-relationships of the people with whom that department is dealing in the various phases of constructing the line and putting it into operation.

Mr. Green: It is evident that the R.C.A.F. has charge of the whole project. Is the line to be operated by R.C.A.F. personnel or by civilian personnel? We were told some months ago that the distant early warning line was to be operated by United States civilian personnel. The minister has intimated that the mid-Canada line is to be operated by the R.C.A.F. Surely he should know just exactly what the picture is to be, because it is one of his arms of the services that is in charge of the over-all project.

Mr. Campney: There is no difficulty about that. The position is that the Royal Canadian Air Force takes over the mid-Canada line and at all stations and places on the line

where activities are going on the R.C.A.F. will be in charge and will have representatives present. But the actual carrying out of the day to day duties of the operation will be under civilians. There is a difference between the physical operation of the line and the responsibility for the line fulfilling its purpose. That responsibility remains with Royal Canadian Air Force personnel.

Mr. Green: Then the actual physical operation of the line will be by civilian personnel; is that right?

Mr. Campney: That is intended now, yes.

Mr. Green: Are those civilian personnel to be found by the Bell Telephone Company?

Mr. Campney: I think that phase of the matter had better be left to my colleague because he is much more conversant, as I say, with the relationships of the various parties inasmuch as the organizing has been done by his department. I know the responsibility of the Royal Canadian Air Force in the matter, but beyond that I am not too familiar with the division of authority, the securing of people and logistic support and all the different factors that enter into it. I have a general idea of it but it is not my business. I know that my colleague has spent a good deal of time working on the matter, and I think these questions might better be addressed to him.

Mr. Green: The minister's own report contains this sentence, which I read:

> A special division of the Bell Telephone Company was formed to undertake the building of the line.

It appears that the Bell Telephone Company is in charge of building the line. Is that company also to operate the line? The Minister of Defence Production is here and no doubt the Minister of National Defence could ascertain from his colleague the proper answer to that question.

Mr. Howe (Port Arthur): You will have that opportunity presently.

Mr. Green: Well, we may not. In any event, the Minister of National Defence has the main responsibility for this project, and I submit that he should ascertain the answer and let us know.

Mr. Campney: I do not think I should be participating in this discussion, and I do not think the hon. member should be pressing me on it because I have given him the answer that the physical construction, the physical arrangements for operation, logistic support and so on are in the hands of another department. In my department we are only responsible for the planning of the line, co-operating and collaborating in the construction of the line and the operation of the warning service when it is finished. I do not know whether the arrangements are completed yet for providing the civilian personnel. I do not know just exactly what stage the construction has reached.

Mr. Howe (Port Arthur): When the proper officers are on the floor we will be able to answer these questions. My hon. friend must have some idea of how estimates are dealt with, surely.

Mr. Green: I do not want any advice from the Minister of Defence Production as to how my questions should be asked. He and I have both been in the house for nearly 21 years and I have no intention of taking any abuse from him today or any other day. We have crossed swords before—

Mr. Gauthier (Portneuf): Don't get sore.

Mr. Green: —and on certain occasions he can be very discourteous.

Mr. Howe (Port Arthur): Keep your temper, my friend, keep your temper.

Mr. Green: I have my temper under perfect control, but the minister might as well know once again today, as he has been told on other occasions, that I do not propose to be insulted by him.

Mr. Howe (Port Arthur): Don't threaten.

Mr. Green: I am asking the minister who has admitted he is responsible for the operation of the line, who in fact has just admitted it within the last minute. I want to know whether that operation is to be carried on by the Bell Telephone Company or, if not, what civilian agency is to do that work.

Mr. Campney: As I understand it, the contract has not been let for the civilian side of the operation. I understand it is being negotiated now. That is why I cannot answer. I would be glad to answer anything I can that comes within my purview, but I do not think I should be required to try and answer questions on stages of this matter which are not my primary responsibility, because my answers would be more or less hearsay. I keep in touch in a general way, but if I am going to answer a question categorically I want to be specifically right. There are many phases to that particular side of the matter with which I am not familiar, and I would hesitate to make definite answers.

Mr. Green: With what company are these negotiations for the operation of the mid-Canada line being conducted at the present time?

Mr. Howe (Port Arthur): You wouldn't know.

Mr. Campney: I am told that they are being conducted with the Bell Telephone Company. I am not conducting them.

Mr. Green: I guess I can take it that the Bell Telephone Company is the company in the field. What about this mid-Canada line in so far as channels are concerned? Will there be more channels than are required for defence purposes? In other words, will there be channels that can be used for civilian purposes?

Mr. Campney: I take it that the hon. member is referring to the communications system.

Mr. Green: That is right.

Mr. Campney: I understand that it was not designed to do more than handle the activities of the warning system.

Mr. Green: Of the which?

Mr. Campney: Of the warning system. I understand that the channels that have been designed for it are just ample to meet that need.

Mr. Green: It may be inaccurate but I have been told that there will be sufficient channels, or whatever the technical word may be, in this warning line to enable it to be used for civilian purposes as well as for defence purposes. Is that correct?

Mr. Campney: If that is true I am not aware of it. I have not heard that. My understanding has always been that the design was to make a composite whole that was sufficient with communications to handle it and that it was a separate entity; I refer to the whole system. Of course it might be capable of expansion, but as originally designed, it is referable only to the whole system. I have not heard of any intention to have extra channels, if we may call them such, for civilian use. I cannot say any more than that.

Mr. Green: Can we take it that the system is not to be used for civilian purposes as well as for defence purposes?

Mr. Campney: As at present planned, that is my understanding.

Mr. Green: Then the next subject is the permanent joint defence board. Will the minister tell the committee who constitute the Canadian section of this permanent joint defence board and which of these men is the chairman?

Mr. Campney: General McNaughton is the chairman of the Canadian section; the three vice chiefs of staff of the three services, namely army, navy and air force; the secretary who is from the Department of External Affairs and there is one other representative from the Department of External Affairs.

Mr. Green: Who was the last one?

Mr. Campney: A representative of the external affairs department; and defence production, I believe, send a member when required, when matters under consideration are such as affect that department.

Mr. Green: Then in fact the permanent joint defence board, in so far as Canada is concerned, is comprised of General McNaughton as chairman, the three deputy chiefs of staff and a representative of the Department of External Affairs. Is that right?

Mr. Campney: Yes, plus another official of the Department of External Affairs as secretary.

Mr. Green: How often does that permanent joint defence board meet?

Mr. Campney: It meets quarterly, regularly, and at any other time it may be called to meet.

Mr. Green: I raised this question when I spoke on June 21 and the minister replied on July 18, his remarks being found at page 6121 of *Hansard*. He had this to say:

> This board since its formation in 1940 has contributed greatly to the solution of military problems affecting both Canada and the United States and has built up an excellent record of achievement through the years. It is a purely advisory board, not concerned with policy but only with working out joint arrangements once policy has been settled by the governments concerned.

When that board was set up in 1940, my understanding was that its primary function was to make recommendations on policy. But according to the minister's statement, at the present time the board has absolutely nothing to do with policy or with recommending policy but merely helps to work out the details of policy once that policy has been decided by some other authority. Is that correct?

Mr. Campney: I presume the board can make recommendations to the government if it chooses to do so. However, it cannot decide any matter. It can make recommendations to the governments concerned. But usually most of its work consists of taking projects or developments that have been agreed upon and working out the mechanics as between the two countries, as to how the work will be done, and generally taking such steps as are necessary to put an agreed plan into effect.

Mr. Green: Why could that not be done a good deal more effectively by the defence department itself, or by the officials of the defence department aided, if necessary, by officials of the external affairs department and of the Department of Defence Production? Once policy has been decided, why is it necessary to drag in this outside board to help carry out the details?

Mr. Campney: It is a joint board of the two countries, and they are not dragged in at all. They are given a very appreciable amount of work to do. The agenda of this board is always quite heavy. The board meets for several days at each meeting. The fact is that it is a joint board—I have given only the names of the Canadian section, and there is a corresponding United States section—and it is more or less a clearing house. A great deal of work must be cleared through the Department of External Affairs by the board; and the Secretary of State for External Affairs and some services are sometimes involved in the matters in hand and others are not. The board can work with the service in each country that is involved.

I think probably the best commentary I could make is that the board has now been in existence for something like 16 years—15 anyway—and it has proved its usefulness. It has proved especially that it had great usefulness in the period of the cold war. It affords a very ready and available instrument to carry into effect joint decisions by the two countries, to take cognizance of the problems involved and to formulate methods of meeting those problems.

In practice, just as a matter of fact I can say that in my time, which has not been too long, it has proved to be very helpful and very useful and a very ready means of getting things done. Otherwise each problem might involve a different group of people and you would have numerous committees all over the place. This board is in the nature of a clearing house to deal with decisions which have been taken.

Mr. Green: Why should the chairman not be a member of the minister's own department. I ask that question because quite a serious charge was made on this question, as the minister knows, by General Simonds. The general had this to say:

> The existence of the permanent joint board on defence adds further confusion to the direction of our military affairs. This organization came into being during the period of world war II when Canada was a belligerent and the United States was still neutral, and at that time was a useful instrument for obtaining some co-ordination of measures for North American defence. Now it simply acts as a barrier to closer liaison between the Canadian and U.S. chiefs of staff, and is redundant in so far as its military activities are concerned.

Then he went on to say:

> But the chairman has a more ready access to senior cabinet ministers than have the chiefs of staff. Whatever the terms of reference may be, many of the expressed views of ministers bear the unmistakable imprint of the influence of an intellect more remarkable for its bias toward pseudoscience and gadgetry, than for its record of sound military judgment.

Why is it that the chairman of the Canadian section of this joint permanent defence board is not an official of the Department of National Defence? It would seem that by making an arrangement of that type the weaknesses claimed by General Simonds would be removed.

Mr. Campney: Well, I do not know why a member of the Department of National Defence was not made chairman. I was not involved in administrative proceedings at that time. I can make only two observations. One is that having worked with the board for two years, I would not have thought of having a chairman from my department for the reason that the board deals with so many departments and has so many responsibilities and detailed activities that are not completely within the purview of my department. It seems to me that the founding fathers who set up this board did a very proper thing when they picked an independent chairman. The same thing has applied in the United States. Their section of the board is built the same as ours and the chiefs of staff have their representatives on the board the same as ours. I think when the first board was instituted Mayor LaGuardia of New York was appointed by the President of the United States to head their section.

I cannot agree with the comment the hon. gentleman has made. My experience only covers two years, but I have seen no indication of any of the circumstances he has outlined in my relations with the board. I have heard no criticism of the board before this from anyone, including other chiefs of staff who were on the board. Therefore I just have to take my own point of view, which is that I think the board is useful. It does excellent work and it fills a real need. In my experience it has not, as far as I know, slowed up any consideration of matters as between the two countries. On the contrary, it has expedited matters. Nor has it interfered with the existing rights of the chiefs of staff of the two countries concerned. The chiefs of staff here and the chiefs of staff of the United States can go back and forth and converse or meet with their opposite numbers at will. That goes on all the time. There is no let or hindrance about it that I know of.

This board deals with a wider field, including some defence matters in which they

are interested. The reason that the three vice chiefs of staff are there representing their chiefs in each nation is to have continuity and a continual appreciation on the part of both countries of all the problems that are being worked out by the board. As I say, I have found the board very helpful and very useful, and I have not seen any necessity to criticize it nor, so far as I know, has anybody else except General Simonds. Probably that is quite all right, because in all these things we have critics and supporters and so on, but I have not had any criticism at all conveyed to me.

Mr. Green: May I take it from the minister's remarks today, then, that when he stated on the 18th that this board's functions were purely advisory on matters other than policy, he was not strictly accurate. In other words they do advise on policy?

Mr. Campney: Well, I suppose so if you want to narrow it down to matters which may become policy, but it has no executive authority to determine any policy. I suppose the board can advise on anything. It can give practical advice, but it carries out duties that are given to it when the governments decide.

Mr. Green: Was it this board that advised the distant early warning line and the mid-Canada line?

Mr. Campney: The policy was decided by discussions between the two governments. The joint defence board was brought in on matters of negotiation and discussion and to clear up certain points, but the decisions, as usual, were taken by the two governments, not by the board.

Mr. Green: Who made the recommendation? Was it this permanent joint defence board or not?

Mr. Campney: That is going back again a little before my time, but I understand the matter was dealt with at the government level, and that the board was given instructions to proceed on certain lines. Its advice was asked on the matter and it passed on it, and so on, but it was on the recommendation of the two governments concerned.

Mr. Green: Then the recommendation did not come from the joint permanent defence board?

Mr. Campney: No, that is not my understanding.

Mr. Green: My final subject is a matter of administration of the air force. Apparently provision is made for the payment of a gratuity under certain conditions to officers who have served in the air force, but there is the restriction that if they are discharged or released on medical grounds, then they do not get the full amount of the gratuity. They have deducted from that whatever is taken out of the regular pay for pension, what is called deferred pay. Thus if a man's gratuity amounts to $1,500 and he has deferred pay accumulated, which of course is being accumulated to go toward his pension when he retires, if he drops out for medical reasons he does not get the full $1,500 but only $1,500 less the amount of his own deferred pay. That is done, I am told, under Q.R. (air) article 206.23 (6) (a). It seems to me unfair that he should not get the full gratuity as well as the amount that has been deducted to apply to his future pension. Can the minister have that situation checked?

Mr. Campney: I understand the situation is that when a man enrols for a short-service commission he contracts to serve for a certain period of time, which I think is five years. If he completes his service in accordance with the contract he gets his gratuity. If during that time he is pensionable and becomes ill by reason of his service, he receives a pension. If he does not complete his term he receives only the amount he has paid in himself toward a gratuity but not the portion that would be put up by the government. In other words, he has failed to complete his contract and while he does not lose by that so far as his own contributions are concerned, because he gets those back, he does not get the added sum that would be put up by the government to complete his gratuity.

Mr. Green: But if he suffers a disability as the result of a flying accident why should—

Mr. Campney: Then he is pensioned.

Mr. Green: Pardon?

Mr. Campney: If he suffers a disability by reason of an accident within the scope of his employment he receives a pension.

Mr. Green: He would receive a disability pension?

Mr. Campney: Yes.

Mr. Green: But why should that have anything to do with his gratuity? Why should that reduce his gratuity? We have always understood that a disability pension is intended to bring the man who has suffered a disability up to an even starting point with the man who has not been disabled.

Mr. Campney: That is true, but the pension compensates for the fact that he has not been able to complete his contract because of what has happened. The fact is that it more than compensates him for the fact he has not completed his contract, and therefore he gets

back what he has put in but he does not get the additional gratuity.

I suppose we should look at the picture as a whole. He is paid his pension because he has not completed his contract for a valid reason, in this case an accident. The matter is fairly administered, as I see it. He cannot have the full gratuity unless he has completed his full contract, but he can always get back what he has paid in. If the hon. member has a specific case he would like me to look into I should be glad to do so, but I have stated the general rule as I understand it.

Mr. Green: Let us suppose an individual is unable to complete his full five-year term because he has been disabled in the service. Nobody would argue that he should receive a gratuity for the full five years; but if the injury took place after four years then surely he should get the full gratuity for the term he was in the air force, which would be four years, and also a refund of the money he has paid in toward his service pension which, as the minister knows, is entirely distinct from a disability pension.

I wonder if the minister would look into the situation further because I am afraid there is an unfairness, in that the disability pension is being linked up with the gratuity and I do not think that should be taken into consideration in arriving at the gratuity.

Mr. Campney: I will be glad to do so.

Mr. Hamilton (Notre Dame de Grace): Mr. Chairman, I wonder if the minister would give us a number of details showing the breakdown of responsibility as between his department and the Department of Defence Production in obtaining supplies and equipment for use particularly by the air force, because my subsequent observations will apply to that. The type of material I have in mind is piping, tubing, and all the other mechanical purchases which are made for supply purposes.

We know that the Department of Defence Production acts as purchasing agent for the minister's department in that respect, but I would like to know who has the responsibility for such things as auditing these parts and making sure that the material delivered is the same as that which has been requisitioned. Who has the responsibility for describing the material required and making sure it is the proper material and that it is given the proper coding? Who has the responsibility for ascertaining the quantities required, the point at which orders should be given and that type of thing?

Mr. Campney: Mr. Chairman, this is a subject on which I would not attempt to go into any great detail, but generally speaking we as the Department of National Defence, subject to some small exceptions, are not permitted to purchase for our requirements. If the purchasing involves land for the construction of airports our agent is the Department of Transport. If the purchase is for commodities or construction or to meet other needs we have we make a requisition on the Department of Defence Production for what we want. The specifications for what we want are our responsibility. We have to lay down specifically and carefully the type of thing we want. We then send that with a requisition to the Department of Defence Production and they take such steps as they deem advisable—usually by tender or on a contract basis—to procure the thing we want at a proper price. That is their responsibility.

If it is something that has to be manufactured or built, our inspection staff follows the matter along until it is ready for delivery. We are responsible for having received everything we ask for because we have planned or specified it and have inspected it. We follow the process along and have to take the responsibility of seeing that we obtain what we have ordered and then we pay for it. That is a very simple outline but I think it is essentially a correct one.

Mr. Hamilton (Notre Dame de Grace): Mr. Chairman, how about my final question regarding the point at which it is decided to reorder, the quantities that are ordered and the quantities required? Is that a decision of the Department of National Defence or the Department of Defence Production?

Mr. Campney: If I understood the hon. member correctly I think under the circumstances he mentioned it would be a service decision. In other words, if we said we wanted X number of something and could only get Y, we would have to decide whether we would take none or all. In other words the Department of Defence Production is our agent, and in matters of the kind just mentioned it would be our decision.

Mr. Hamilton (Notre Dame de Grace): The minister in his reply has not mentioned any audit or check on this purchasing procedure, but he has specifically accepted the responsibility of his own department for stating the specifications of commodities required, for establishing the quantities required and determining the point at which the order is to be placed; that is, when the stock is low enough to require an order.

In order to be helpful to the minister I would like to give him a few contracts that he might look at to see just how well his current procedures are working out. The difficulty here, I might say, is in some re-

spects that of assessing the responsibility as to where certain errors occur. If the minister will go back and look at a particular requisition which ended up as tender B-18/28/16, he will find included in that a requirement for a part which showed on the contract as No. H-2320-30. That was a bolt. The original order placed by the Department of Defence Production was for 1,995 at a cost of approximately $16 each. The interesting thing about this is that if that part had been properly quoted as VS-2320-30 it would have indicated that it was manufactured by a company in California, and that company retails this bolt at $2.02. As far as I know it could have been brought into Canada duty free.

The main point is that here is a case where the department appears to have paid several times what they should have paid for the same article. There was a slip-up somewhere in the ordering system, and I would assume also in the specifications sent out by the department.

Again on the same contract there is another item designated 2319-27, also a bolt. Again the initials "VS" were left off and the result was that this article was purchased in Canada at approximately $4 each rather than from the company which manufactures and sells it retail at 82 cents. I want to point out that in these particular instances the article had been imported into Canada by an intermediary and there was no question of placing an order in Canada as against placing it in the United States.

Another thing which should be watched more carefully is the checking of merchandise against specifications. There were certain specifications that called for new material, but in these cases which I shall mention I think the minister will find that surplus material was supplied while new material prices were charged. The contract numbers include B18-28-NA2; B18-28-NS1 and B18-28-NA1. I give the minister these numbers so he can follow up this matter if he is sincerely interested. It was suggested by the person who is conversant with this situation that if this material had been carefully inspected it would not have been accepted.

I have a few other cases here having to do with quantities. I have referred to numbers being left off in the specifications; I have referred to the need of checking material when it is received, and I should like to deal now with quantities. One contract demand I have in mind is No. 511,301, which became contract B18-38-196. This contract was given out back in 1953 and the department ordered 5,000 pieces of AN839-16, which was an elbow tube to tube. According to the latest information I have the great majority of these items are still in stock and they cost $25,000 three years ago. It has been suggested that this material actually was not required.

I have various bits of information of this type but I am not going to spend undue time exploring every last item. However, I think it shows two things; first, the need for the minister to investigate carefully his relations with the Department of Defence Production and the information he is supplying; and second, the need for a much more adequate audit system on parts and supplies than that which exists at the present time. All the items I have referred to have to do with the air force, which is why I have brought up the matter at this time.

It seems to me that various parts of the minister's department are not operating in the most efficient manner. There would appear to be a definite tendency to order unduly large quantities of many items in a haphazard fashion without any relation to previous use and consumption or to proposed use and consumption. There is as far as I can see, and the minister has given no indication today, no attempt to audit these items. The Department of Defence Production operate simply as a purchasing agent, and I gather they will purchase anything asked for by the minister. That department makes no attempt to check, so therefore the responsibility must lie with the minister. The ordering practices and the contract demands which have been met I believe represent many hundreds of thousands if not many millions of dollars worth of material which is simply being left in stock with no sign of immediate usage.

Mr. Campney: I shall be glad to look into the matters which the hon. gentleman has brought up. I am not familiar, and I know the hon. member would not expect me to be familiar, with the specific cases. We do have a pretty comprehensive check and audit. There is the service audit, the deputy minister's audit and the over-all audit of the Auditor General. I shall be glad to look into these particular cases and see what are the causes of the results which have been indicated.

Mr. Hamilton (Notre Dame de Grace): The minister referred to the deputy minister's audit and the audit by the Auditor General, which I assume have to do with dollars, but I should like to know if there is any audit of supplies.

Mr. Campney: The service audit and deputy minister's audit both deal with items as well as with dollars.

Mr. Harkness: Has the minister the number of CF-100 crashes for which I asked some time ago?

Mr. Campney: Of course the figures should be referable to the number of hours flown.

Mr. Harkness: I also asked for the rate of crashes in comparison with the number of aircraft in service or the number of sorties, whichever happens to be available.

Mr. Campney: In the fiscal year 1954-55 there were 14,982 hours flown and 14 crashes. Of course not all of them were write-offs, but they were what you might term crashes. In 1955-56 there were 43,142 hours flown, or something over three times as many, and there were 20 crashes. I have not the other figures here.

Mr. Harkness: How many of these aircraft were lost as a result of these crashes?

Mr. Campney: The figure of the total losses were 9 in 1954-55 and 13 in 1955-56.

Mr. Harkness: There is one other matter which has rather surprised me in these estimates with regard to the civilian personnel. We note on page 336 that there are 1,970 messmen in the R.C.A.F. this year as compared with 1,949 last year. One might have thought this included cooks, but on the previous page there is shown some 700 cooks in addition. This seems an incredibly large number of messmen, particularly when you look at the army details and find that the army, with approximately the same number of personnel—as a matter of fact I think they had more during a good deal of the period under consideration—has 870 messmen. I wonder whether the minister can explain the necessity for such a very large number of messmen in the R.C.A.F., especially as compared with the number in the army. I also wonder what the duties of these messmen are that require such a large number. As a matter of fact there would appear to be almost one messman for every 20 people in the R.C.A.F.

Mr. Campney: I understand that the increase arises from the restriction of hours at radar stations and the 24-hour operation of those stations. It has been necessary to augment staff in various cases. In addition, there have been a very substantial number of additional facilities opened during the past year.

As to what constitutes the duties of a messman, I should think they would be persons who do almost anything pertaining to the housekeeping for the mess, the kitchen work, the cleaning up and so on. I cannot authoritatively say just what the scope of their activities is, but as a matter of fact I should think the increase of 21 must mean that in the over-all picture there have been also some reductions. I know that the new facilities that have been opened in the past year would on the previous scale require more than 21 more people, especially at the radar stations, where we have had to make considerable changes in addition.

Mr. Harkness: My question was not so much with regard to the small addition of 21 but as to why there were approximately 2,000 of them in any event. Why are so many messmen needed in the R.C.A.F., considerably more than twice as many, nearly two and a half times as many, as for the army with the same type of personnel?

Mr. Campney: For one thing I think it is probably attributable to the fact that we have a very great number of small units in the air force, more than we have in the regular army. Of course the more units there are to serve, the higher percentage of people required. There may be another factor. I am not sure whether the term "messmen" means the same thing in both services or whether in the air force it embraces other duties. I do not know that, but it is apparent that the air force has many more small units where messmen are required, and I am sure that would add to the total number.

Mr. Harkness: Whilst the difference in the number of units might explain some of this difference, I do not think it would by any means explain all of it. There are numbers of small units in the army as well as in the air force. I think the total number of units in the army, according to the list the minister gave, was 500 odd. Some of those must be very small units. It seems to me there is far too great a disparity. It is a matter the minister perhaps should look into. It looks like poor administration somehow.

Mr. Campney: I shall be glad to look into it.

Mr. Hamilton (York West): I shall only take a few minutes, and it is more to get myself oriented for the debate that may come later in connection with defence prodution. The hon. member for Notre Dame de Grace asked what type of liaison there was between the Department of National Defence and the Department of Defence Production. I am thinking of probably something much wider in policy than the items he was mentioning, in connection with the over-all procurement of aircraft and the natural worries that we have in keeping our aircraft plants in production.

Has the minister, along with the Minister of Defence Production and perhaps the Minister of Transport, considered at all the

advisability of sponsoring the production in Canada of a military transport plane? I have spoken about this in previous years, and I have indicated that all planes of this type in other countries have first of all been of military origin and then carried on as a civil type transport. It appears to be of vital necessity, if we are not going to have our aircraft plants in a boom or bust cycle, that we have some continuity in production. Now I shall tie the question right down to the remarks that were made by the minister in connection with the emphasis that he thought might be placed in the future on the carriage of airborne troops, as distinct from the paratroops on whom the emphasis has been heretofore. These were his words at page 5212 of *Hansard*:

> For example, if aircraft such as the C-119 were used, apart altogether from the cost of ground facilities and air crew, but allowing for reserve aircraft, it would require 148 planes, at a cost of about $150 million, to provide a one-up lift for an army brigade without its heavy equipment.

Have there been any discussions between the minister and the Minister of Defence Production and perhaps the Minister of Transport as well as to the feasibility of using a requirement such as this to create a very strong and adequate civil reserve of aircraft?

Mr. Campney: The answer is no. In our department we are studying for our own purposes the question of the provision of transport, but to my knowledge there has not been any conference of the nature mentioned by the hon. member.

Mr. Hamilton (York West): It seems to me that the least that should be done is to study the plan used in the United States. As I say, much civil transport has resulted there from the original production of a military type plane and the fact, as I understand it, that the civil aircraft authorities and the government have made leasing arrangements with civilian operators under which the planes that have been produced are being operated by the regular cargo carriers and are on a 48-hour recall basis. It is particularly noteworthy that they are on a recall basis with crews supplied. It seems to me that the minister is maybe hesitant here about $150 million to produce 148 transport planes, but at the same time he has indicated that we have spent $120 million odd on the pre-production costs for the CF-100. That is a plane which is very necessary but has no place in civilian use.

I am not going to blame the minister. I think perhaps some sort of liaison is required, and that possibly two or three of the gentlemen on the treasury benches should be called to a meeting. It probably would be called by the Minister of Defence Production. I do believe that some serious thought should be given to this problem. I will only say, and I may have to repeat it tonight, that if such a plan is not put into effect we will have a constant repetition of what I have termed the boom and bust in aircraft production.

If we are having stretch-outs, as we are now, then I assume we can possibly say there is nothing to fill in to keep the production line going, to keep the engineers on the job and stay abreast of technical developments. If that is not the case, then possibly we have been slow in the development of the replacement aircraft, the CF-105, and I do not believe that because I think it has come along as fast as it could come along anywhere. Frankly, I think we may be a little optimistic when we talk about two or three years. It may be longer than that, but even at that it is keeping pace with developments in other countries.

If these two reasons are not the reasons for the stretch-out, and I think the first one can be corrected, then I can only assume that the minister cannot recruit enough pilots to put in his machines, that he can build them faster than he can get men to fly them. Last year I asked for a return along this line. I have not the figures before me, but I think we had something like 5,000 applicants for aircrew enlistment. Somewhere along the line we dropped 4,000 of them, whether by reason of physical disability or inability to meet flying standards after training had commenced. We ended up with about 1,000, and as I recall it that number was only enough to meet the replacement program.

If the two other reasons are not the real reasons here, and I think one of them can be corrected, then we should take a very serious look at the manpower question. The matter of personnel for aircrew in the air force may be only part of the problem. It may be that we have to look farther afield than that and assess manpower requirements in all branches of industry and the forces. But something should be done. Whether through liaison among those on the treasury benches or liaison as to the methods used to establish a regular production line in other countries, action is required in either case.

Mr. Churchill: Just before we conclude this discussion I have a brief question with regard to administration, concerning the problem of low flying aircraft at Stevenson field adjoining the city of St. James and the city of Winnipeg. Periodically complaints come in with regard to too many aircraft flying low over built-up areas. Periodically complaints are lodged and there is an abate-

ment of the noise and trouble, and then periodically it recurs. Just now in St. James and Winnipeg complaints are being made with regard to low flying aircraft.

There is a division of responsibility between the R.C.A.F. and the Department of Transport and the matter will have to be raised again, I suppose, on the other estimates, but I should like to ask the minister if the R.C.A.F. is conducting night flying from that field at low levels and if the regulations are not sufficient to prevent too much of that low level night flying. No one objects to the odd plane coming in at a low level. Wind and weather conditions compel that on occasion, but objections are raised when there is a great deal of low level flying over built-up areas. There is an element of danger there and if the flyers are student flyers people naturally get nervous. The noise is a troublesome thing.

I should like to compliment the night flyers on the success with which they complete their circuit with regularity and the accuracy with which they keep on course, because they go right over my house from eleven o'clock at night to 12.30 or from 11.30 to one o'clock. I would not object to it in Ottawa but my habits at home are much more regular and I find it a bit annoying. I appreciate the complaints raised by other citizens of St. James and Winnipeg with regard to low flying aircraft, particularly at night. What is the situation so far as the Royal Canadian Air Force is concerned?

Mr. Campney: There is no necessity at night or at any other time at Stevenson field or any of our airports, except in connection with aproaches and landings, for the amount of low flying that seems to be indicated by the hon. member. All I can say is that in view of what he has just told me I will have the situation investigated. We have not had very many complaints from very many places, and if there is some peculiar situation at Stevenson field that should be rectified we will see that it is.

Mr. Churchill: I might mention that this came to my attention through articles in the Winnipeg *Tribune* of July 9 and the Winnipeg *Free Press* of July 4, indicating that the matter had been taken up with the city council. I presume that complaints will be registered with the authorities.

Mr. Hamilton (Notre Dame de Grace): Can the minister tell us if his department is within its rights in abrogating the regulations governing civilian flying and having its planes pass over built-up areas at lower than the heights which the Department of Transport considers safe?

[Mr. Churchill.]

Mr. Campney: I am told that we invariably follow the transport regulations. Whether or not we are bound to, we do.

Mr. Hamilton (Notre Dame de Grace): Earlier this week the minister, in dealing with a particular complaint which had been referred to me, wrote and said that two of his jet aircraft which had been practising for an air show at St. Hubert airport had been instructed to fly over St. Lambert, which is a city and a built-up area, at not less than 1,000 feet. To the best of my knowledge the minimum established by the air regulations over that area is 2,000 feet. It seems to me this particular case is one which directly contradicts what the minister has just said. From my own experience I think most of us would find that there are occasions—in some areas quite often—on which military aircraft go over built-up areas at an extremely low level, one substantially below that set by the air regulations. We all realize that on certain occasions there may be an urgent necessity for that procedure, but I think we should realize also that the department are flouting these regulations in the instructions they are issuing to their pilots.

I think it should also be brought to the attention of the minister that when they flout these regulations they cause a good deal of inconvenience to the people in those areas. The minister may be fortunate in that he does not have too many aircraft going over his own place of residence at low levels. I do not know just where he is located, but he would be concerned, I think, if he had this experience on a continuing basis, and if he were subjected to the fairly regular flow of complaints in this connection that come to me from areas in the Montreal district. They apparently can get very little satisfaction from their own local representative in this house, so they refer the matter to me. It seems to be a fairly constant situation. It would be a good idea if the minister could take some steps to rectify it.

Some hon. Members: Carried.

The Deputy Chairman: Shall we proceed to the next heading?

Some hon. Members: Agreed.

The Deputy Chairman: Royal Canadian Air Force (reserve).

Mr. Dinsdale: Extensive reorganization is taking place in our air force auxiliary and reserve programs this year, according to the information supplied by the minister in the white paper. As has been typical of the activities in our air force reserve, I find it somewhat difficult to understand the logic in all the changes that are taking place. During

the past ten years in Canada, since the end of world war II, the air force reserve has had a rather chequered career and from time to time in this house we have had statements of a somewhat contradictory nature.

For example, as I have said before, at one time we were told that the reserve was the backbone of our defence program in this country and that eventually they would be supplied with CF-100 all-weather fighters. We raised some objection as to the feasibility of that scheme because of the nature of the training difficulties, and we recommended that the personnel might be more suitably employed on a less complex aircraft from a navigational standpoint, namely the F-86. In 1954 the then minister of national defence, in reply to suggestions of that kind, as reported at page 4991 of *Hansard* of May 21, 1954 said this:

> There is another reason, and that is that these Sabre fighters are really not well suited for the air defence of Canada. They have a relatively short range, they have only one pilot; they have not a complete set of navigational instruments, and if they went into the air and got into a dogfight in Canada they might have great difficulty in getting back to their airfield.

Notwithstanding that statement of two years ago we have received the information that six, I think it is, of our reserve squadrons are going to be equipped with F-86 Sabres for the defence of Canada. I would agree that this is a good move, as we suggested some two or three years ago, but certain aspects of the reorganization are difficult to understand. In the white paper, in reference to the Canadian army, the minister says there is to be emphasis on the air portability of our army. If that is to be the emphasis so far as the army is concerned, it would seem to me that the demand for reserve flying personnel will be larger than it has ever been hitherto.

That consideration gives rise to the querying of the disbanding of a fully operational squadron such as the 424 Hamilton squadron. I should like to ask the minister how it is anticipated that we are going to move toward the objective of air portability and mobility of the army if we continue to disband reserve air crew who are fully operational.

In the white paper there is also some reference to the necessity for developing a mobile striking force—and I think these are the words used—which would be able to deal rapidly with any enemy lodgments in Canada. It seems to me that here again is a function that could be adequately carried out by air force reserve people. The de Havilland Otter which is being used extensively by the United States air force for air portability purposes is capable of carrying 10 fully equipped combat troops and, in cases of airborne operations as contrasted with air portable operations, it is possible to carry out paratroop dropping at speeds of between 60 miles per hour and 140 miles per hour. To summarize this point, in the face of these growing needs particularly in connection with air transport responsibilities, I find it difficult to understand the action on the part of the Department of National Defence in disbanding fully qualified air crew and fully operational reserve squadrons.

I might also refer to the possible use of reserve people in carrying out international army exercises. Some comment has been made today concerning the necessity for maintaining large numbers of Canadian troops in Europe. In this day of rapid air transportation there is no reason why we could not make the army reserve more attractive by carrying out international exercises by means of an enlarged R.C.A.F. transport command. The further difficulty was raised last evening as to how our personnel already in Europe might be evacuated in the event of necessity.

The Deputy Chairman: Order. It being five o'clock, shall I report progress and ask leave to sit again later this day, if necessary?

Progress reported.

BUSINESS OF THE HOUSE

MOTION FOR FRIDAY EVENING AND SATURDAY SITTINGS

Hon. W. E. Harris (Minister of Finance): Mr. Speaker, may I have leave to make a motion? I move:

> That on Friday, July 20, 1956, and on every Friday thereafter until the end of this session, in addition to the sittings now provided for by the standing orders, the house shall also sit from eight to ten o'clock p.m.; and that on Saturday, July 28, 1956, and on every Saturday thereafter until the end of this session, the house shall meet at eleven o'clock a.m. and adjourn at six o'clock p.m., with the usual intermission from one to 2.30 o'clock p.m., and the order of business and procedure on Saturdays shall be the same as for Thursdays; and that the provisions of standing orders 2 (1) and 6 (3) be suspended in relation thereto.

Motion agreed to.

The Acting Speaker (Mr. Applewhaite): Private and public bills.

INDUSTRIAL RELATIONS

PROVISION OF STATUTORY HOLIDAYS WITH PAY FOR EMPLOYEES

Mr. Stanley Knowles (Winnipeg North Centre) moved the second reading of Bill No. 441, to provide for pay for statutory holidays for employees and for pay for work performed on statutory holidays.

He said: Mr. Speaker, as I indicated when this bill was introduced and given first reading last Monday, it is a companion to Bill No. 211 which was under debate at the second reading stage on May 11 of this year. I believe that in the case of both of these bills, this is the first time their subject matter has been presented to the federal parliament in the form of actual bills. The proposals contained in these two bills have frequently been presented to parliament, but as I have already indicated, I believe for the first time they are before parliament in legislative form.

As hon. members will recall, the purpose of the other bill, Bill No. 211, is to make provision for at least two weeks' annual vacation with pay for all workers in Canada who come under federal labour jurisdiction. The purpose of this companion bill, Bill No. 441, is to make a parallel provision for these same workers, namely the provision of at least eight statutory holidays each year with pay.

Perhaps I might indicate at this point the actual holidays suggested in this bill. They are: New Year's day, Good Friday, Victoria day, Dominion day, Labour day, Thanksgiving day, Remembrance day and Christmas day. I would point out that these are holidays which are observed to a greater or lesser extent in all parts of Canada. There are, perhaps, other holidays which are celebrated in different parts of Canada. For example, in the western provinces, here in Ontario and in some other areas there is observed in August what is known in urban areas at any rate as civic holiday, and in the province of Quebec there are holidays like St. Jean Baptiste day, and others. That is indeed the reason that this bill provides for a minimum of eight statutory holidays; for it is part of my thinking that there are other holidays in different areas which could be covered by provincial legislation.

To say a further word as to what is actually provided in this bill, may I point out that it requires that every employee under federal labour jurisdiction who is permitted—by virtue of working conditions or on any other basis—to be off work on the eight statutory holidays shall receive his regular pay in full for each of those eight statutory holidays. The bill also provides that if anyone is required to work on any of those statutory holidays—this is a recognition of the fact that there are certain services that have to be performed every day the year round, and therefore some people will have to work on some of those days—he shall receive his regular pay plus overtime pay for the work he does, at what is known as double time.

[Mr. Knowles.]

Another provision, Mr. Speaker, is that nothing in the bill shall affect any provision, so far as statutory holidays with pay are concerned, in any legislation, contract of employment, or custom that is better than is set out in this bill. In other words, salaried employees or persons in a managerial capacity who already have, by arrangement or by custom or by contract, statutory holidays without any loss of pay, do not suffer any loss of whatever provision they now have by virtue of this bill, and that is spelled out in one of the clauses. On the other hand, the bill also has a clear-cut provision that its minimum requirement shall supersede any provision that is less favourable to employees than those set out in this bill.

There are various other detailed provisions worked out in Bill No. 441. I will not take the time of the house to go into them now, for they are the kind of details that could be discussed either in committee of the whole on the bill or in the industrial relations committee, to which I would hope that this bill might be referred for study after second reading. However, I invite hon. members to study the detailed provisions of Bill No. 441, as indeed I invited them to study the details of Bill No. 211, so they will realize that there is before them not just a general or pious resolution but a concrete piece of legislative machinery to make possible the immediate putting into effect of the principle of statutory holidays with pay for all employees who come under the legislative jurisdiction of this parliament.

As hon. members realize, it is not a great period of time since for the average industrial worker there was no such thing as pay for any day on which he did not work, either in terms of an annual vacation or in terms of a statutory holiday. None of us, in taking part in debates in this house, like to be at all personal, but I am sure my experience is like that of many other members here, namely that I can think of persons whom I have known who were industrial workers, persons close indeed to me, who through the whole of their lives never knew what it was to have a vacation with pay or to get paid for statutory holidays on which they did not work.

It is good to know that we are moving on and that slowly but surely the pattern is changing. In the old days industrial workers got time off, all right; they got statutory holidays because the shop was shut down, but there was no pay for them for those days. They also had vacations, but either they took them at a loss of pay or they were because of unemployment, and one would not exactly call such periods vacations.

As I say, Mr. Speaker, we have moved on and the pattern is beginning to take shape,

namely that industrial workers—indeed, all workers in a community such as ours—should as a matter of right have both the vacations with pay covered in the other bill and the statutory holidays with pay provided in this bill, second reading of which I am now presenting to the house.

As a matter of fact, Mr. Speaker, for a considerable period of time there was something of a division which I think was not good for our society, in that salaried people seemed to get statutory holidays without any loss of pay. In other words, people who were on monthly or annual salary did not suffer because certain days were declared to be public or statutory holidays. On the other hand wage earners, industrial workers and those on hourly rates of pay have had quite a struggle trying to achieve recognition of the fact that they, too, should be paid their regular pay for statutory holidays.

I remind hon. members that the request for legislation to provide these two items—annual vacations with pay, at least two weeks in that case, and also at least eight statutory holidays with pay—is part of the program of the new Canadian Labour Congress. As a matter of fact the new Canadian Labour Congress in that respect is simply carrying forward what were the requests of the constituent organizations which came together to make up that congress. It seems to me we now have a chance in this House of Commons to recognize this new era in Canadian labour history, an era marked by the birth of the Canadian Labour Congress, by dealing favourably with this bill and with the other one which taken together lay before parliament a major item of policy in the platform of the new congress.

I hope hon. members will give serious consideration to the representations that have been made in this connection by organized labour, and that they will recognize that it is hardly fair, in view of the fact that we as a parliament are responsible for some of the statutory holidays being observed—for example, Victoria day and Dominion day as well as some others, are holidays by virtue of federal statutes—for us to require that these holidays be observed and not take cognizance of the fact that the result is that some people in the observance of those holidays do not lose their pay and others do. Surely the way to get around that unfairness is to pass what might be called ancillary legislation such as is contained in these two bills and make it clear that the holidays which we require to be observed—indeed, all of them as set out in this bill—shall be days when all those who contribute to the economy of this country, whether they be salaried workers or wage earners on hourly rates of pay, shall have those holidays without loss of pay.

Mr. Speaker, it has been an argument I have used with respect to some other pieces of legislation in the labour field which we in this group have presented from time to time that the provinces were already giving us a lead and that the federal government was falling behind. That is the case with respect to some of the other matters we have placed before parliament at this session. So far as this item is concerned, the fact is that the provinces are rather slow in coming forward with appropriate legislation. I suggest that perhaps for once, instead of the federal government having to be prodded to get in step and having to be prodded to put on its statute books legislation akin to that which is on the statute books of most of the provinces, in this case the federal government might take the lead.

In other words, I am admitting that the picture in the provinces is not as progressive in this field of statutory holidays as labour generally and we in this party feel it should be. I find on reference to a document prepared by the Department of Labour entitled "Provincial Labour Standards", published under the authority of the Minister of Labour in December, 1955, that there are six provinces in which there is some legislation regarding statutory or public holidays.

Those six provinces, to take them in geographical order from east to west, are Newfoundland, Nova Scotia, Manitoba, Saskatchewan, Alberta and British Columbia. However, in two of those provinces the only effect of the legislation regarding statutory or public holidays is that a certain number of holidays shall be observed. I might say with respect to these various provinces that have some legislation in this field that they vary as to the number of holidays declared to be public or statutory holidays. In some cases it is seven and in some it is eight, and various other figures are established in different provinces.

However, of the six provinces that have some kind of legislation respecting statutory or public holidays, there are four that make provision for what rates of pay employees are to receive if they are required to work on any of the statutory holidays set out in that provincial legislation. Those four, and again I take them in geographical order starting in the east, are Nova Scotia, Manitoba, Saskatchewan and Alberta. Hon. members will note that I have now had to leave out Newfoundland and British Columbia, both of which were in the previous list of six which I gave. Those are the two whose

legislation merely prescribes that the holidays shall be observed. However, in the case of these four—Nova Scotia, Manitoba, Saskatchewan and Alberta—there are varying provisions as to the rates of pay that employees shall receive if they are required to work on statutory holidays.

It would be a confusing picture indeed if I tried to spell it all out, but I might just indicate that the rate varies from straight time to time and a half and perhaps more in some cases. There are also provisions in some instances for compensatory time off rather than extra pay. Some provinces make a distinction between one group of workers and another, and in some instances better protection is given to women than to others so far as statutory holidays are concerned. However, those four provinces go at least as far as to make some provision as to the rate of pay to be given to workers if they are required to work on statutory holidays.

There is only one province in the whole of Canada which takes the further step and requires that all workers shall receive pay for statutory holidays even though they do not work. I trust hon. members get the distinction. The three provinces of Alberta, Manitoba and Nova Scotia make no provision for pay for statutory holidays if you do not work. They provide what you get if you do work, but Saskatchewan is the one province which is unique in this field because it has taken a further step and makes all three provisions; first, that there shall be observed certain statutory holidays; second, that those who work on those statutory holidays shall receive pay at an overtime rate; and third, that all employees, even those who do not work, shall receive pay at their regular rate for statutory holidays.

Mr. Enfield: This legislation would have no effect on the field normally covered by provincial statutes.

Mr. Knowles: Not at all. I thought I made it clear at the start that this bill, like other bills in this field, relates only to employees who come under federal labour jurisdiction. I am sure the hon. member will realize from the discussions we have had on other labour bills that every time we discuss labour conditions the question arises as to whether we are behind or in front of the provinces in that field. I have suggested that in some of the other fields the federal government is behind the provinces, and I am suggesting that in this field we are behind them as well. I am not saying that nothing has been done by the provinces, but very little has been done and it would not be very hard for the federal parliament to get out in front and give a lead.

[Mr. Knowles.]

It is my thought, and I am sure it is also the thought of some hon. members on the government side of the house, that if a lead were given in this matter by the federal parliament in connection with those employees who come under federal labour jurisdiction it might prompt some of the provinces to come along and do likewise.

There have been such instances. As a matter of fact the first jurisdiction in this country to pass legislation protecting the pension rights of workers against loss due to strikes was this federal parliament, which passed legislation in that field in 1948, after it had been asked for by some of us for many years. It was not very long after that step had been taken by the parliament of Canada in 1948 that that particular item of legislation was copied by a number of the provinces and pension rights are now pretty generally protected against loss due to strike or lockout, right across Canada. Similarly it is my conviction that if the federal parliament were to take a lead with respect to statutory holidays with pay it would set a goal at which the provinces might aim. I would hope that progress would be made in that field with a minimum of delay.

Before the hon. member for York-Scarborough interjected his question I was coming to the conclusion of that part of my remarks in which I was trying to indicate the picture in the provinces, namely that something has been done but that much remains to be done in all provinces except one, namely the province of Saskatchewan, where eight holidays, the same eight that are spelled out in this bill, are declared to be statutory holidays and where it is declared also that those who do not work on those days shall receive their regular pay and that those who are required to work shall receive pay at overtime rates.

In addition to the interesting information which I gleaned from pages 8 and 9 of this departmental document entitled "Provincial Labour Studies", I also gleaned certain information from some interesting tables which the economics and research branch of the Department of Labour supplied to me. I am grateful to the minister's department for the receipt of this material. As a matter of fact I think I might take a moment to say that the people in the minister's department do a particularly good job in terms of collecting statistics and making them available. This may be a bit of a digression, but I want to say also that those who edit the *Labour Gazette* do a very good job of keeping people who are interested in labour matters informed on what is going on in the labour field. I suppose after having said that, a report of this debate should appear in the

next issue of the *Labour Gazette,* but that was not my purpose in putting in that word of compliment.

I should like to draw the attention of hon. members to a couple of the tables which appear in this collection of material I received relative to working conditions. One is table No. 29, which indicates the number of paid statutory holidays enjoyed by office employees in manufacturing establishments across Canada. What interested me is that the largest single group receiving statutory holidays, receive eight of them a year. Indeed, 61·1 per cent of office employees in manufacturing establishments, receive that many paid statutory holidays a year.

It is difficult to get corresponding figures for hourly-paid workers, hence my reference to the position enjoyed by office workers. I suggest that it indicates something as to a goal which it might be desirable to achieve. The number who receive seven paid statutory holidays is 10·7 per cent, and those who receive nine or more is just about 20 per cent. In other words, the great bulk of that group of office workers who receive pay for statutory holidays, receive it for eight such holidays. It is on that basis that I suggest we are justified in asking this parliament to approve the principle of eight paid statutory holidays for all employees who come under the legislative jurisdiction of this parliament.

This same set of tables which I obtained from the minister's department deals with the question of rates of pay given to hourly-paid industrial workers when they do receive extra pay for working on statutory holidays. Hon. members will understand that when reference is made to hourly-paid workers who get extra pay for working on statutory holidays, we are talking not about something which they get by virtue of legislation but of something which they get by virtue in most cases of collective agreements. That would apply except for the provisions in the labour legislation in Saskatchewan. There is no other province in Canada in which the right to paid statutory holidays is protected by legislation.

Nevertheless, by virtue of collective agreements some paid statutory holidays are enjoyed by workers. One of the struggles in which the trade union movement is engaged all the time is to obtain that provision for more workers, and to get for those who enjoy that provision an increasing number of paid statutory holidays. In some agreements the number starts at four or five and gradually the number gets to six, seven or eight. But I am also interested in the question of the premium rates paid to those who work on statutory holidays in manufacturing establishments, bearing in mind that most of these have been established by virtue of collective agreements between management and trade unions.

I find that according to table 23 in this group of tables I have in my hand, 9·4 per cent of those for whom there is a specified rate as to what they will get for working statutory holidays get time and a half as the premium rate. I find that 32·9 per cent get double time for working on statutory holidays, and that 39·1 per cent get more than double time. The table I have before me does not specify how much more, but in view of the fact that 32·9 per cent get double time and 39·1 per cent get more than double time, it seems to me that we are more than justified in asking in this bill that the rate of pay to those who are required to work on statutory holidays be their regular pay plus a premium rate of double time.

There are those, of course, who will probably produce in this debate the same argument that is produced every time we introduce legislation regarding labour matters, namely would it not be a good idea to leave this to collective bargaining? We have had that with regard to the check-off. We used to have it years ago when some of us were fighting for that other provision to which I referred, the protection of pension rights against loss due to strikes. We had it in the debate on Bill No. 211 a few weeks ago, and I suppose we shall get it again today. Frankly, I sometimes am surprised that members who put forward that kind of argument accept any labour legislation of any kind. After all, the logical conclusion of that sort of argument is to leave everything to collective bargaining, to leave everything to the struggle between management and labour.

Hon. members are fully aware of the importance of collective bargaining in labour relations and that importance is recognized by all parties in this house. But we have also recognized that step by step and stage by stage the point is reached where some things have to be protected, where pegs have to be established so the rights won by labour will not slip below those pegs.

Labour itself, the trade union movement, which defends the principle of collective bargaining and which is opposed to compulsory arbitration, nevertheless is continually seeking from the legislatures of the country and from this federal parliament legislation protecting certain of those hard-won rights. It is on that basis that labour has sought from parliament in years gone by laws to protect the right to organize and laws to

protect the practice of collective bargaining. It is on that basis that labour has sought measures such as I now lay before this house, namely annual vacations with pay and statutory holidays with pay for all workers in this country.

I hope the day is not far off when the argument that we must leave these things to collective bargaining, which is another way of saying with respect to this sort of thing that we leave it to the struggle between the worker and the boss, will not be heard but rather that we will recognize that there are certain social rights that should be enjoyed by all the people of Canada. Though we do not have it by legislation in this country, except in the one province of Saskatchewan, there are many Canadians today who because they are salaried employees, because they are monthly rate employees, because of collective agreements or for other reasons, enjoy statutory holidays with pay. There are statutory holidays. The provinces declare that some of them should be observed and this parliament declares that certain others should be observed. Yet we leave a great many of our people without the benefit of knowing that when they enjoy those statutory holidays their pay for those days will continue.

I say again that this is an important year in Canadian labour history, with the birth of the new Canadian Labour Congress. I should hope that the parliament of Canada, even before this session ends, might yet do something significant, something substantial, something that will recognize the birth of that new congress, something more than just words in the fine speeches that were made to the delegates when the congress was formed in Toronto in April. I suggest that one of these substantial, worth-while gestures that this parliament could make would be to pass these two bills. I mention them together because they are companion bills, the other one calling for two weeks' annual vacation with pay and this one calling for eight statutory holidays with pay for all workers in Canada who come under federal labour jurisdiction.

Hon. Milton F. Gregg (Minister of Labour): Mr. Speaker, my hon. friend has brought in for second reading the companion bill to Bill No. 211, and in presenting it to the house this afternoon he has presented with eloquence his appeal for those who come under the federal jurisdiction, that their conditions of work should be improved by act of this parliament. I know that it is always a very pleasant thing to sponsor something that one is sure a great many of the people directly concerned want to have done. Without a moment's hesitation I agree with him that this and Bill No. 211 were among those matters that were discussed at the great Canadian Labour Congress held in Toronto a short time ago.

In spite of his remarks criticizing my habit of bringing up the virtue of collective bargaining on these matters, nevertheless I bring it up in this connection without making any apology for doing so. My comments must of necessity be along the same lines as those which I applied to Bill 211. This bill deals with a matter that is normally —and even more normally than what is asked for under Bill 211—a matter that is subject to collective bargaining. I stress again that the employees of industries which come under federal jurisdiction are in very truth highly organized unions. They are not of that weak and incapable nature that might be inferred from some of the words of my hon. friend, in that they require from time to time the bolstering of legislation by this parliament to uphold their hands. Their collective agreements have referred to items right across the board in the conditions of work and more particularly, as he has pointed out, in recent years to the items contained in this particular bill. For instance, there are the observance of certain statutory holidays, the pay that is to be given for those holidays and the premium pay for work that may be done if instructed to work on those holidays. In some industries, particularly the transportation or railway industries, the nature of the work calls for continuous operation of the service and rather specialized types of work scheduling have to be worked out. In order to do that, statutory holidays are dealt with in collective agreements covering some groups of employees, and they are not a consideration of any great importance among other groups.

As examples of that I refer to the results of recent negotiations that have been going on. In the first example, statutory holidays were a very important factor in the collective bargaining during the last few months involving the 130,000 non-operating employees of the railways. On the other hand, in the dispute involving locomotive engineers statutory holidays were not a factor in the settlement arrived at, because in the view of the workers other things were more important than statutory holidays.

This indicates, I think, particularly in the transportation industries which come under federal jurisdiction, that there should be a flexibility to a degree not provided by this cover-all bill, in order to enable management and labour to work out a settlement. The bill makes no exception for any groups of workers whatsoever. The people who are

to come under it are listed in the usual fashion in the first part of the bill and include everybody coming within the jurisdiction of federal labour laws. I contend that the passing of the bill would do away with a necessary flexibility in working out their collective agreements.

When the two parties work out an agreement they look over all the working conditions that exist in the industry. One extra paid statutory holiday may be looked upon as as important or more important than a few cents in extra pay or vice versa, and for parliament to require by law a fixed number of holidays and the conditions of pay for those holidays would be to some extent an intervention in the collective bargaining process of a fairly serious nature in some industries.

In many parts of the world, of course, collective bargaining does not play the important part that it does in Canada. There the conditions of employment are laid down by the government in fairly rigid terms, but in Canada we hold the view that the role of labour legislation that deals with economic issues, as this bill does, is to provide for a basic standard. I contend, as was clear in the summary of statistics and reports given by my hon. friend, that Bill No. 441 goes quite some distance beyond a basic standard in this year 1956.

Some very important gains have been made in this field in recent years, but even with the gains that have been made the terms set out in the bill go beyond what labour law administrators in the provincial or federal jurisdiction consider to be a basic standard. There is some evidence that unorganized workers have shared in the gains and improvements that have been made in recent years. Out of about 380,000 employees coming under federal jurisdiction, some 90 per cent now receive some paid statutory holidays. As my hon. friend said, about 40 per cent of the workers receive eight or more statutory holidays and most of the remainder receive six or seven. Therefore, while my hon. friend may not be away out in the vanguard with regard to the total number of holidays, I do contend that with respect to the pay for such holidays, the overtime rate, with the exception of one province, the province of Saskatchewan, to which he referred no jurisdiction reaches the high point which my hon. friend has reached in the bill.

I should like to refer again to the transportation industry in this year 1956. I am going to take four examples of settlements. Three are in the transportation industry and one happens to be in the radio industry. Employees of radio station CKLW, Windsor, achieved seven statutory holidays with pay through collective bargaining. With regard to the operating railway employees, the locomotive engineers to whom I referred a moment ago, the statutory holiday factor played no important part in the settlement of their dispute. In the case of the C.P.R. dining car employees' dispute, the employees had four statutory holidays prior to this year and they will have seven after this year under the new agreement. In the case of the non-operating railway employees' dispute, prior to 1956 they had gained five statutory holidays through collective bargaining. In the recent settlement they gained a sixth statutory holiday in 1956 and a seventh commencing in 1957. That settlement affected about 130,000 workers.

These four settlements of recent date indicate the great variety of desires on the part of workers in reaching their collective agreements, and the great variety of opinion that exists on the topic covered by the bill. If the provisions of the bill were made law and came into effect on the 1st day of September next, the industries to which I have referred and others to which I have not referred would have to adjust their hard-sought and hard worked-out agreements to conform to the terms of this new legislation, and it would certainly create a situation that I would not want to be a party to bringing about.

I made some reference to the situation as it exists in the provinces. I have no dispute whatsoever with the interpretation that has been placed upon the information by my hon. friend. He has given a fair summary of the situation, though I do contend that as far as this matter is concerned we should not be in the position of prodding the provinces. If we feel it is essential within our own jurisdiction, we should do it on that account only. We should not set ourselves up as advisers, and should not give ourselves the special task of prodding the provinces to do something they do not want to do.

Bill No. 441 provides that there are to be eight specified public holidays for which an employee is to receive his regular wages even if he does not work. The sponsor made that very clear. If he does work he is to receive his regular wages plus a sum equal to twice that amount. In other words he will receive triple wages for that particular statutory holiday if he works. In the light of what we know about collective agreement provisions and provincial legislation, it is clear that this is well beyond anything we have at the present time.

As to the principle of the bill, the question of whether or not legislation to deal

with the payment of wages on statutory holidays is necessary, I can tell my hon. friend that my department will continue to study that matter. The possible need for legislation such as the bill presents will be looked into. I welcome the fact that the hon. member has brought the matter before the house at the present time, but if it comes to a vote I shall not be able to support the bill for the reasons I have given.

Mr. T. S. Barnett (Comox-Alberni): Mr. Speaker, I have listened with a great deal of interest to the remarks made by the Minister of Labour (Mr. Gregg), as I always do when we come to the discussion of topics of this nature. As he himself indicated, some of the arguments he advanced had a familiar ring.

I may say at once that, as far as I am concerned, I find myself heartily in support of the bill which has been introduced in the house by the member for Winnipeg North Centre. When we consider a bill of this kind or a bill which has been described as a companion to this one and on which we had discussion a short time ago, I feel that those of us who are members of the federal parliament of Canada have a responsibility to think a little bit about the kind or nature of society in which we are moving in Canada, the kind of society in which we hope our children and children's children will find themselves able to live.

I am not able to boast of a great number of years as far as my own span of life is concerned, but even in the relatively short period over which I am able to look back I think I can honestly say that I have seen quite a transformation in the attitude which a great many people in Canada take toward the kind of conditions under which the Canadian people should live and work. I agree that in the legislative field we cannot advance beyond certain reasonable minimums in the standards that are set by legislation; we cannot attempt to achieve the impossible by legislation. Nevertheless when one thinks of the tremendous change that has taken place in our ability to produce goods and services in the last 10, 15, 20 or 25 years, if one assesses the matter fairly I think one must come to the point of admitting that a proposal of the nature of that advanced by the hon. member for Winnipeg North Centre in this bill is not beyond the realm of reasonableness.

The minister suggested that there were grounds on which we could concern ourselves with the setting of certain minimum standards. As far as I am concerned, I would be prepared to argue here or anywhere else that the proposals which are contained in this bill do not go beyond the setting of reasonable minimum conditions which, in this day and age, all Canadian citizens should, by right, be able to enjoy.

It may be perfectly true, as the minister says, that this legislation in the federal field would affect only a relatively small percentage, those coming within federal labour jurisdiction. If that is the case, even in part, I would submit that fact in itself is an argument in favour of the passage of this bill. I would agree with him that it is not particularly the duty of this parliament to try to force the provinces into the position of being obliged to pass certain legislation. I am quite sure that was not what the hon. member for Winnipeg North Centre had in mind when he made some reference to that aspect of the situation. We all recognize the fact that in their own jurisdictions the provinces are supreme. However, I would suggest that there is nothing to prevent us taking upon our own responsibility, in the field of social legislation, action which we consider to be for the welfare of the Canadian people as far as we have legislative concern for it, and to hope that our example may be considered worth copying.

It is not a matter of telling anybody what to do or of intimidation. It is merely a matter, under certain circumstances perhaps, of setting a desirable lead which may be followed by legislators in our provinces or in other parts of the world. I believe that legislation which has come into being in most of the democratic countries from time to time has been materially influenced by what has been done by other powers. I believe that we learn—and I think rightly so—from what the parliament of the United Kingdom does or from what the parliaments in the Scandinavian countries do or, generally speaking, from what is done in parliaments in countries where the people have a somewhat similar outlook to that prevailing in this country on matters of this kind.

Mr. Speaker, I realize that in the time that remains, I will not have the opportunity of saying all that I perhaps might like to say in this phase of the debate. I feel that the basic principles of the bill were set forth quite completely in the introductory speech made by the hon. member for Winnipeg North Centre. From a study of the subject matter of the bill itself and from what he has said in his speech I feel that the members of this house, after a little reflection, will perhaps come to realize that this is a measure which should receive the stamp of approval of this parliament at an early date.

An hon. Member: Six o'clock.

Mr. Barnett: Mr. Speaker, may I move the adjournment of the debate?

On motion of Mr. Barnett the debate was adjourned.

Mr. Deputy Speaker: The hour for private and public bills having expired, the house will resume consideration of the business under discussion before five o'clock.

SUPPLY

The house in committee of supply, Mr. Robinson (Simcoe East) in the chair.

DEPARTMENT OF NATIONAL DEFENCE

Defence services—

235. To provide for the Canadian forces, the defence research board and other expenditures relating to defence, including contributions toward the military costs of the North Atlantic Treaty Organization; to authorize expenditures in the current year out of the amount hereby provided, not exceeding $143,000,000, under the provisions of section 3 of the Defence Appropriation Act, 1950, and to provide that, notwithstanding subsection (3) of that section, where equipment or supplies are transferred, the estimated present value thereof shall be credited to this vote instead of being paid into the special account mentioned in the said subsection (3), and when so credited may be expended for the purposes of the Canadian forces; and notwithstanding section 30 of the Financial Administration Act to authorize total commitments for the foregoing purposes of $3,470,423,461 regardless of the year in which such commitments will come in course of payment (of which it is estimated that $1,675,484,744 will come due for payment in future years), $1,722,797,717.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Mr. Dinsdale: Mr. Chairman, when the committee rose at five o'clock I was dealing with the present state of the air force auxiliary units and posing the question why, with all the increasing demands for air transport facilities, heightened by the new emphasis on an airborne army and the necessity for mobility of troops; and I think the last point I was raising was the situation relating to the presence of Canadian troops in Europe, who would be faced with the necessity of rapid evacuation if hostilities ever developed on the continent of Europe. We had some discussion about this last night, in which it was suggested that plans for the rapid evacuation of those Canadian service personnel and their dependents are still in the process of formulation, and we are diminishing our air transport facilities. No doubt any comprehensive plan would require the use of air force transport facilities.

To bring these remarks to a conclusion in the form of some concrete questions, I should like to ask the minister why it is that with these increasing demands for air force transport we seem to be diminishing our transport facilities rather than enlarging them. This is the case with the auxiliary squadrons as well as with our regular transport squadrons, or it would seem to me to be so. On May 10 of this year I received an answer to a question about the number and kind of aircraft operated by transport command. Unfortunately I was not too specific with my questions and in reply to the following question—

What aircraft are operated by the R.C.A.F. transport command?

—I got merely a listing of the types of aircraft, such as Lancaster, North Star, C-119, and so forth. I am wondering whether the minister can complete the answer at this time by indicating the number of aircraft of each type that are operational with transport command at the present time? I think it would help to make the answer much more meaningful than it is in the present form.

Finally, returning to the main burden of my presentation at this time, I find it difficult, with the increasing need for transport facilities, to understand why the decision has been taken to disband a squadron as efficient as 424, which has expressed its desire to serve in any capacity. I understand in its representations it particularly mentioned that it would be happy as a transport squadron to supply light transport which would meet the need for a mobile striking force which could stand in an emergency as a unit of civil defence activity, or which could serve in any general role in a transport capacity.

I was interested in the remarks of the hon. member for Middlesex East in which he presented the case of 420 London squadron to the minister. That squadron is not being disbanded; it is being reorganized as a radar unit. Again I have had some contact with the personnel of that squadron; I know it is fully operational as a flying unit, and it is their wish that they remain operational in a flying capacity. It would seem to me, Mr. Chairman, that with the rapidly increasing demands for transport facilities the reserve squadrons, instead of being decreased in flying duties at this time, might well be expanded.

One reason the minister gave in justifying the reorganization of those particular auxiliary units was economy. I hardly think that is a justifiable contention, because as I look at page 338 of the estimates and consider that for the past 10 years the reserve

squadrons have been regarded as the backbone of Canadian defence, I think we have been receiving that protection at extremely reasonable cost. Compare it, for example, with the expenditure of $24 million for experimental work on the guided missile we were discussing this afternoon, the "Velvet Glove". I look at the total expenditure for all the auxiliary squadrons last year and I see it was $4,500,000, and this year it is up slightly to $4,750,000. In the light of the total defence expenditure of almost $2 billion, I think that is a very economic way in which to maintain the necessary air force defensive strength of this country.

Mr. Campney: Mr. Chairman, I can assure the hon. member that the decisions we have taken with regard to the reserve air force, as I have already said, were taken after a great deal of study, a great deal of consideration and after consultation with the senior officers of all the squadrons whom we called in some time ago.

The reserve air force has given very fine service throughout its history. We have come to the point in defence where we have to look for economies and to consider the results obtained in relation to the moneys spent. One of the things that became evident as we made a study of this problem was that it was very expensive to operate air auxiliary squadrons in places where there were no other air force flying activities, and particularly in those places where there was no other flying activity, as in the case of Hamilton where, as I have already said in the house, it cost upwards of $1 million to provide an airfield for flying for the pilots and air crew of the auxiliary squadron on week ends.

Now, having come to that conclusion—and I do not want to go into all the details of the financial aspects—the question was how could we utilize the services of the persons in the auxiliary squadron most usefully, having regard to any other air force activities in the community and having regard to the territory from which they might draw and the number of people we might expect to continue active in their services? And here I would like to interject, because I do not think there should be any secret about it, that the Sabre jet is not being put into certain auxiliary air squadrons as a major item in the defence of the country. The objections which were quoted by my hon. friend still obtain; Sabres were given to six of the twelve squadrons because they were located in areas where the population was great enough to support squadron activities.

Now, the situation was different in respect of each of the several squadrons. Take the Winnipeg squadron for example. Navigational training is a very important factor. A very expensive school is maintained at Winnipeg to train regular force air crew in navigation. It was felt therefore that the auxiliary squadron there could very usefully participate in training navigators.

As regards the Hamilton squadron, I have mentioned the fact that it was located at an airport which we had to operate solely for the purpose of maintaining week end flying for an auxiliary squadron. As far as London is concerned there was no air defence control and warning unit stationed there and I can assure the hon. member that the assistance of auxiliary personnel there in this role will be very important to the R.C.A.F. It was felt that having regard to the set-up with which the squadron in London could be associated, it could very usefully serve in the role of an aircraft warning and control.

In regard to Calgary, for various reasons it was felt that a small transport training squadron could be usefully located there in addition to other activities being carried on. They were all considered together and then each one was considered separately. These decisions which have been taken represent as I have already said, a good deal of study by the air force, who should be expected to know the most useful functions the auxiliaries can perform from now on, in the foreseeable future. It was with great reluctance that we made the changes we did make, but they were not made haphazardly and without consideration. As regards the general set-up, we will still have six auxiliary squadrons flying. The other six will assume other duties which to the air force seem useful and necessary.

The hon. member asked, with regard to the transport squadrons, the types of planes we have and the numbers of each type. I have them here by squadrons, with the number of aircraft listed. At No. 426 squadron, based at Dorval, there are 12 North Stars. At No. 412 squadron, based at Rockcliffe, there are nine Dakotas, three Expeditors, two North Stars, and one C-5. At No. 435 squadron, based at Edmonton, there are eight C-119's. At No. 4 transport, based at Trenton, there are three North Stars, three C-119's, three Dakotas and one Expeditor. At the R.C.A.F. station, Lachine, there are two Expeditors. At the R.C.A.F. station, Goose Bay, there is one Dakota and one Otter. At the R.C.A.F. station, Churchill, there is one Otter. At No. 436 squadron, Dorval, there are six C-119's. At 108 flight at Rockcliffe, which is a helicopter flight, there are 22 helicopters.

Mr. Dinsdale: I want to thank the minister for that additional information but I cannot entirely agree with his conclusions concerning

the reassignment of duties of the particular squadrons we have mentioned. I think perhaps I can press the query by putting it this way. The white paper announces that we are moving toward air portability in our army; and just looking quickly at the list of transport aircraft available which the minister gave the committee just a moment ago it would seem there is going to be a great need for rapid expansion in our air transport facilities.

If this is to be done through regular squadron channels it seems to me it is going to be a very expensive proposition because, as already indicated by the total cost of our reserve operations last year, there is no comparison between the expenditure for the maintenance of reserve air force squadrons as compared with permanent force air squadrons. I quoted the total figure of $4¾ million which, in the light of today's astronomical expenditures, particularly for air defence, is a mere bagatelle. That, of course, is for the reserve only, and it is a mere trifle as compared with the whole defence expenditure.

Referring again to the reply I received to my question of May 10, I inquired as to the number of multi-engine aircraft that would be required to make a fully equipped infantry brigade air portable. The reply was it would depend on the type of aircraft used, of course, but an example could be given. If the C-119 aircraft were used the number required would be 148. As I look at the number of C-119's in service with the transport command at the present time they come to 17 or 18 aircraft, which means we would be short some 100 planes in meeting the requirements for air-lifting one infantry brigade.

I said at the beginning of my remarks concerning the functions of auxiliary squadrons that we have had constant changes of policy in regard to reserve squadron activities. In the first instance they were responsible for the total defence of Canada. We criticized that concept and now, as I said in my remarks of yesterday, I believe it seems that we are beginning to minimize the effectiveness of auxiliary squadrons.

I do not think Canada has sufficient funds to maintain an adequate air defence force on a full time permanent basis. The minister has announced that that is the essential function of Canada's role in the defence of North America; and if we are going to justify the expenditures for the three radar lines we must have adequate aircraft to back up the billion dollar expenditure. I think the total expenditure for the "Pinetree", mid-Canada and D.E.W. lines comes to about $1 billion. That is money down the drain unless we have the personnel and the aircraft to back it up.

While I have defended the radar policy in this house to a limited extent, I know it has been under severe criticism from rather responsible and authoritative sources in Canada as well as in the United States. If we are going to minimize the function of the auxiliary squadrons by arbitrarily disbanding and reorganizing as we have in recent days, it is certainly not going to have a very stimulating and beneficial effect on morale.

We have sufficient difficulty as it is interesting young Canadians in devoting their time to the defence of the country on a permanent basis. I do not think it is in the best interests of the over-all defensive role that Canada is obliged to assume in the defence of North America to allow the pendulum to swing from one extreme where we are dependent on the auxiliary for our total defence to the other extreme. We were told many times that we were adequately defended because we had those ten auxiliary squadrons equipped with Mustangs. Now we are moving in the opposite direction. The minister has stated that there were consultations with the senior officers affected, but I understand that one of the complaints of both 424 and 420 squadrons—I have the information before me—is that the first intimation they had was the minister's announcement in the House of Commons, which came in the midst of their preparations for summer camp operational flying.

Mr. Churchill: I think the hon. member for Brandon-Souris has made out a strong case with which the minister must deal. The minister said there had been consultations with senior officers, but it is interesting to hear that the officers actually connected with the auxiliary squadrons were not taken into conference at all. It reminds me very much of what took place two years ago in connection with the reorganization of the militia. At that time a team of senior officers crossed the continent and then presented a report with regard to the reorganization of the militia. I was in command of a militia unit in Winnipeg and the senior officers appeared in the city, but the first I knew that they were there was when they were leaving. It would appear that the air force people have been treated in exactly the same way.

We have been working for years to make our army a mobile force, and this will require air transport. Why not make use of the trained pilots in the reserve force for that purpose? I think the minister should give us more information about this.

Mr. Campney: Mr. Chairman, what are we talking about? We are really talking about two auxiliary air force squadrons, as there are only two squadrons which are being taken off flying.

Mr. Dinsdale: Four or five hundred personnel.

Mr. Campney: The hon. member gave a figure of $4·75 million as being the cost of the auxiliary air force. That is only a portion of the cost, the pay of the civilians and the service personnel. These squadrons have to have a very substantial and expensive back-up from the regular air force. The figure of $4·75 million represents only a part of the total cost of the auxiliary air force. Then we must consider the cost versus the number of hours flown, which is the only real comparison; and by its very nature the number of hours flown by the auxiliary air force is quite small when compared with the hours flown by the regular force, because the auxiliary aircrew put in only week ends and short-term periods.

Then the hon. member suggested the auxiliary force should be used for air transport purposes in connection with the portability of our infantry which is now under study, and for the needs of the air force. Unquestionably transport work would have to be done by the regular force, because the auxiliary force is only what its name indicates. I hope no one will take my remarks as having any reflection on their ability, because they have done excellent work within the limits of their opportunities.

I do not think the problem is as widespread or as deep as is indicated. It is apparently important locally, as the hon. member has pointed out, but I do not think the provision of transport flying by the auxiliary could ever be the answer to the needs that may arise. And there are still ten of the twelve auxiliary squadrons flying.

Mrs. Fairclough: Mr. Chairman, perhaps the minister would indicate what is to happen to the young men who belonged to these squadrons, particularly to squadron 424 in Hamilton, who would like to continue their work in the air force reserve but who now have no facilities available? What is to happen to the units which formerly carried out gunnery practice at Mount Hope? Where are they to carry out that practice? Is it to be continued at Mount Hope despite the fact that the squadron is no longer to fly? What is to happen to the experienced pilots to the number of around 30—the minister can correct me if I am wrong—who were part of this reserve unit?

[Mr. Churchill.]

Mr. Campney: As far as Hamilton is concerned, there is in that area a control and warning unit similar to the one we established in London. This has been in existence for quite some time and is at about half strength. I would expect that the personnel of the flying squadron who wished to continue their association with the air force and who chose to do so could very well take up further training in this important field of air force operations. That was given consideration as a supplementary operation when we were discussing the other question. There is a lot of activity in the air force of great importance besides flying. I admit that flying is the spectacular element, but there is much technical work which provides excellent support to the other activities of the air force. I would hope that the personnel in Hamilton would bring this unit up to strength and thus be usefully and I hope with great interest employed on a voluntary basis.

Mrs. Fairclough: What happens to the units from outside Hamilton, which were in the habit of coming to the station at Mount Hope for gunnery practice?

Mr. Campney: I understand that there is no gunnery range at Mount Hope. There is a gunnery range in lake Erie and planes may have stopped off at Mount Hope on the way to that range. There are various other places, and there should be no problem to gunnery practice.

Mrs. Fairclough: The information we had locally was that units from Toronto and other places came to Hamilton to carry out part of their training.

Mr. Campney: I do not know of any gunnery practice being carried on at Mount Hope.

Mr. Dinsdale: As far as the economy plea of the minister is concerned, this appears to be a case of locking the barn door after the horse has been stolen; and I use the reference to horses in a broad sense, of course. I understand that in the past few years large sums of money were invested in the aerodrome at Mount Hope to make it operational for jet flying purposes. The information I have is that millions of dollars have been spent in the past four or five years in preparing the Mount Hope aerodrome for the operations of these squadrons.

It would seem that the idea of air portability is in the early planning stages, and the hope is that the job will be done by the permanent force squadrons. However, judging by the difficulty there is in maintaining recruiting, particularly ground personnel, for our existing permanent force

squadrons it would appear that there is not even the remotest possibility of those squadrons being able to carry out these functions. If I were a prophet I would venture to say that when the plans are completed and the department decides to move ahead, it will necessitate some more crash planning and reactivating of auxiliary squadrons that have now been disbanded.

Mrs. Fairclough: Am I to understand that the disbandment of 424 squadron has been deferred pending reconsideration of the whole picture?

Mr. Campney: No, I would not want my hon. friend to take that inference. The decision has been taken and the decision stands as of now; but we have received representations, both myself from civilians in Hamilton and the air force from the reserve officers. The reserve officers have asked whether they might make certain other submissions, which are being made, I presume, shortly. Of course that request was granted, because if there were further submissions we would want to hear them, but there has been no change in the original decision.

Mrs. Fairclough: I should like to make just one more plea to the minister on this basis. The city of Hamilton has always been very proud of its military men in all branches of the services; its militia has been a source of great pride to Hamiltonians generally, and it has a good auxiliary naval force. It seems too bad that one arm of the services should be left out of active participation. I know it is a matter of great regret to Hamiltonians generally and those who were members of the 424 squadron in particular.

In all seriousness I ask the minister to give great consideration to this matter, because it is not a light thing to discourage so many persons who are actively engaged in military exercises of this sort, particularly when their activities have been a source of pride and a matter of interest for a quarter of a million people in that district.

Mr. Churchill: I do not quite follow the minister in his remarks concerning air portability for the army, which he suggests is in the planning stage, and then his argument that the reserve air force, for reasons of economy and other reasons, must be reduced in size. He is having great difficulty in keeping his present air force up to strength. According to the *Globe and Mail* of July 6, 1956, the air force recruited 8,153 in the course of the year, for a net gain of 1,580. However, we are constantly hearing about the loss of air crew and changes in personnel. In the case of pilots, age rapidly plays its part, and they have to be retired.

The minister says he is planning for transport by the permanent air force. Yet according to the figures in the answer provided to the hon. member for Brandon-Souris on May 10, 148 aircraft would be required to airlift an infantry brigade. How many men in the air force would be required to man and service 148 transport aircraft, and how is the minister going to provide those? Is he going to enlarge the permanent air force to that extent in the face of the present troubles he is having in keeping up the strength of the services? Surely the intervening period while this planning is going on would be the time for the utilization of the reserve air force. Experience would be gained by utilizing pilots and men in the reserve air force, and within a year or two perhaps a clear picture would be presented with regard to a major plan for air transport for the army.

The Chairman: Defence research and development.

Mr. Green: There has been some discussion concerning the missile project known as the "Velvet Glove". The minister said on July 18 that the total cost to date is just under $24 million. Can he tell the house whether that project has been concluded or whether there will still be further money to be spent in connection with it and, if so, how much?

Mr. Campney: There will be some further expenditures—we do not know exactly how much, but not a great amount—in phasing in the "Velvet Glove" project to the "Sparrow" project, which will be taking place as an operational exercise because we shall be making "Sparrow" in Canada. All the know-how and research and so on is being directed from the "Velvet Glove" into the development of the "Sparrow". Where one will begin and the other leave off is still uncertain as to cost, so that there will be some further expenditures identifiable with the "Velvet Glove" project to bring it into phase with the other, but the major expenditures are all as a result of the "Velvet Glove".

Mr. Green: What would be the approximate figure?

Mr. Campney: It would be very difficult at this stage to give a definite figure with any certainty, but it is a matter of probably $2 million or $3 million. I am not stating that as a fact, because we have not the fact.

Mr. Green: What is the total amount to be spent on the guided missile program during the present fiscal year? The minister said on July 18 that the portion of the increase in the vote for the defence research board for this year to be spent on guided missiles

would be $6·8 million; but what is the total expenditure, including of course that additional expenditure?

Mr. Campney: We have estimated it now at something approximating $10 million to $11 million.

Mr. Green: That is including the $6 million?

Mr. Campney: Yes.

Mr. Green: Is that money all to be spent on the "Sparrow" type of guided missile?

Mr. Campney: That sum will all be expended either in connection with phasing in the "Velvet Glove", as I have mentioned, or in the development of the "Sparrow", related to that project.

Mr. Green: The "Sparrow" missile, as I understand it, is a United States production. Is that right?

Mr. Campney: Yes.

Mr. Green: How much of this money is to be spent in purchasing these guided missiles from the United States?

Mr. Campney: I am not able to tell the hon. member at the moment just what will be purchased from the United States. The other phase will be the tooling up to make the missile here in Canada. These missiles, will be made in Canada under licence by my colleague from the owners of the rights in the United States. Before we get into production, and it will be some time before the plants are tooled up, we will be purchasing some. The exact number we will purchase has not been determined yet.

Mr. Green: Can the minister give us the approximate division of expenditures for guided missiles during this fiscal year as between money spent in Canada and money spent in the United States?

Mr. Campney: The best estimate we can make at the moment would be probably $1 million to $2 million in the United States and the rest in Canada.

Mr. Green: When the estimates of the department were under consideration on June 21 I dealt briefly with the question of making some arrangement whereby parliament would have some check on the money being spent by the defence research board. As I understand it, and the minister can correct me if I am wrong, hitherto parliament has had absolutely no idea of how this money was being spent by the defence research board. There has never been a committee of any kind investigate the activities of the board, though they have been spending many millions of dollars. As it now turns out, the $24 million spent on the "Velvet Glove" project went largely down the drain.

Mr. Campney: No, I would not agree with that. We can differ on that.

Mr. Green: Certainly a good many million dollars went down the drain on the "Velvet Glove" project.

Mr. Campney: If you look at it from that point of view then I suppose that in the development of any guided missile program one can say that money goes down the drain, but this is an experimental business and I think in most of the great countries much greater sums of money have been expended on similar types of projects, sometimes without success.

Mr. Green: Well, it was an expenditure that did not pay off very well. Let us put it that way. Has the minister any suggestions as to a method by which parliament would be able to check the expenditures of the defence research board? As he knows, during the war there were committees on war expenditures in different sessions, and I think no harm was done to the country and no important secrets were divulged. That practice did give parliament some check on the large sums of money which were being spent. Has the minister any suggestions tonight as to ways in which parliament can be brought into this picture so there can be some check on the expenditures being made by the defence research board?

Mr. Campney: The details of the item are set up in exactly the same way as in other branches of the department, as the hon. member will see if he will look at page 339. As to the projects in which the defence research board is engaged, a considerable number of them are classified, though not all. I did try in the white paper this year, as I think the hon. member may have noticed, to describe much more fully the work and the projects of the defence research board in general terms than has been done heretofore.

With respect to whether there should be any different method of investigating these expenditures than the usual method that applies to the rest of the branches of the department, I do not know that I have any suggestion. I do not know whether any suggestion is required. It is part of our department. It is true that it deals largely with technical and scientific projects, a great number of which are classified, but I think the details as set out here and the comparative details—I have amplified them

with relation to the increases—show generally the operational picture of the defence research board.

Mr. Green: This year there has been a special committee of the house investigating the activities of the government in the field of non-military research. Of course that committee had no power to delve into expenditures for military research. Would the minister have any objection to a committee of some sort being set up during the next session with power to inquire into expenditures for military research? As the minister knows, these expenditures have doubled within the last three or four years. In 1954-55 the amount asked was $50,400,000. In each of the two preceding years it was only $42 million. This year we are being asked for over $79 million. Would the minister have any objection to the setting up of a committee of the type I have mentioned during the next session?

Mr. Campney: I presume this is a problem that is common to all countries engaged in defence research, and I certainly would not want to give an answer to the hon. member now. I would want to consider the situation and I would also want to discuss it with the head of the defence research board in relation to the activities of the board. I shall be glad to look into the matter, but I would not want to make any commitment at the moment.

Mrs. Fairclough: Mr. Chairman, some time ago I directed some questions to the minister with regard to the security guards at the defence research board. At that time I believe he said he hoped that a more suitable classification would soon be established for the security guards which would remove some of the discrepancy involved in the situation in which they find themselves by reason of having been placed on a 48-hour week compared with a 42½-hour week formerly worked, and with no increase in remuneration to compensate for the additional time.

As I understand the situation, the matter of compensation is of considerably less importance to these men than the extra time spent on duty. I wonder whether the minister has any further information on this subject. Has any consideration been given to it, and just what is the outcome of the consideration?

Mr. Campney: I remember the hon. member's question very well and, as I said I would, I asked the defence research board to review the situation. The last report I had was a couple of weeks ago, and it was that the defence research board personnel section and the civil service commission were engaged in a study to see what could be evolved in relation to the point. I have had no recommendation yet, so the matter is still under consideration.

Mrs. Fairclough: I understand these men do not come under the civil service commission. The minister probably can tell me if that is right. It seems to me that the minister himself told me they did not come under the civil service commission. I believe some of the difficulty has arisen through an effort on the part of somebody somewhere to try to classify these men as watchmen. I am sure the minister must know that the work they do is of a different nature from that of an ordinary watchman in any of the other public buildings wherever they may be situated.

This is a matter that has given rise to considerable dissatisfaction, and I must say that I do not blame these men. Their rate of pay is not very high. I believe that even now it is somewhere in the neighbourhood of $2,750 a year, and the last raise they received, at the time the increase was given to the whole civil service, was only a matter of some $150 a year. Yet they have had an increase in their working hours of about 11 per cent. As the minister knows, in the ordinary course of procedure in this house it is not possible to explore a situation like this and gain any positive answers to questions.

I would think the minister should now be able to assure the house that these men are going to be considered—and properly considered—and not just simply dumped overboard in an effort to even up an employment situation which may be troubling the defence research board. If these men properly fall in a class which should be classified as watchmen, there might be some excuse for it; but I understand they are taken off their regular duties and are assigned to special work on occasion by reason of the fact that they are classified as reliable officers—or maybe I could use the expression "extra reliable"—who have been assigned to that particular duty.

If the minister is not prepared to answer this question tonight and give some reasonable explanation, or to assure the house that these men will be considered, I think there must be some place where, during the course of this session, this matter can be brought up again, apart from just on the orders of the day where a simple question does not permit the sort of reply that would be a reasonable reply to the question asked.

Mr. Campney: I can assure the hon. member that not only will the situation to which she refers be considered but that it is

being considered at the present time. However, I have not had any final recommendation. Until I have it is difficult to deal with the matter any further.

Mrs. Fairclough: It has been really some time now, has it not? It has been a matter of a month or more than a month. It has been a matter of six or seven weeks since it was first brought up in this house. How much time does the minister need to consider a matter like this?

Some hon. Members: Carried.

Mrs. Fairclough: No; I want an answer.

Mr. Campney: I do not know how much time I need. I have put the matter in hand and I have asked for a recommendation. I have asked for a review by the board and the relevant experts of the commission who have yet to advise us on these matters. Whenever I get a recommendation I shall certainly be prepared to deal with the matter, but I cannot set the time limit as to when that recommendation will come forward. I shall do my best to expedite it, in view of the observations just made.

Mrs. Fairclough: Will the minister advise the officers who are in charge of this matter that he does not want it placed at the bottom of the heap, to come up four or five years from now?

Mr. Campney: Will do.

Mr. Harkness: The last of these details under defence research and development is entitled "all other expenditures" and is in the amount of a little over $6½ million, or upwards of twice what it was last year. An item of this sort I think can only be described as a sort of grab-bag item. I wonder if the minister can explain why it is necessary to have an item of that kind in the amount of $6½ million for which the estimates do not indicate any real reason? Can he tell us what is the purpose of it?

Mr. Campney: This sum is for expenditures in connection with special and classified projects of both the army and the navy.

Some hon. Members: Carried.

The Chairman: Mutual aid.

Mr. Harkness: Under mutual aid, at page 340, there are two questions I should like to ask in connection with transfers to NATO countries of equipment from service stock. The first is in connection with tanks and armoured fighting vehicles, $1,169,000. I wonder whether the minister can tell us what tanks or other armoured fighting vehicles those are and to what country they are going. Will he give us the same information with regard to aircraft and engines, which come to over $43 million? What aircraft and engines are these and to what country or countries are they being sent?

Mr. Campney: I have not definite particulars about the tanks. I presume they are the older type, such as the Sherman. To answer the second part of the question, I may say that these items indicate what we propose to offer; they have not necessarily yet either been offered or accepted in all cases. The aircraft and engines include the 75 Sabre jets which are being allocated to Germany, together with about a $4 million carry-over to complete the spares which were allocated last year to Greece and Turkey.

Mr. Hamilton (York West): At what value are the 75 Sabre jet aircraft put in this estimate?

Mr. Campney: The value is $39,092,500.

Mr. Hamilton (York West): Is that the value of the aircraft as transferred? I know what heading it comes under, but is that the value of the aircraft as transferred?

Mr. Campney: I understand that is the value after they are reconditioned.

The Deputy Chairman: Does that complete the discussion on mutual aid?

Some hon. Members: Carried.

The Deputy Chairman: Item 235 is now before the committee.

Mr. Green: Does this NATO air crew training come under mutual aid?

Mr. Campney: It is at page 340, a little more than a third of the way down the page.

Mr. Green: That is the figure of $53,055,000?

Mr. Campney: Yes.

Mr. Green: Has the government given any consideration to extending the air training plan to include young men from the other nations of the commonwealth? According to the reports by the department there have been men from several different countries which belong to the North Atlantic Treaty Organization, including Belgium, Denmark, France, Greece, Italy, The Netherlands, Norway, Portugal, Turkey and the United Kingdom. But, as I understand it, there is no provision whatever for permitting young men from other parts of the commonwealth except the United Kingdom to take part in this program. Has any consideration been given to extending it so they can participate?

As the minister knows, one of the key factors in winning the last war was the

training here of young airmen from all over the commonwealth. It seems strange to me that Canada has never made any provision to permit these other parts of the commonwealth to take part in this scheme. It probably would not cost us anything, because the governments of the other commonwealth nations would have to pay their fair share. Why should this scheme not be extended to include the other nations such as Australia, New Zealand and South Africa, and for that matter also India, Pakistan and Ceylon?

Mr. Campney: As far as I know the idea put forward by the hon. member has never been considered since the end of the second world war. Certainly I have no knowledge of any requests from any of the commonwealth nations in the short time I have been minister. I presume that the reason is that they have their own facilities for training. At any rate, it has not been considered since I have been minister.

Mr. Green: Has Canada ever offered these training facilities to any of those other nations?

Mr. Campney: Not to my knowledge.

Mr. Green: Is there any way in which Canada is co-operating today in defence matters with nations of the commonwealth other than the United Kingdom?

Mr. Campney: We have liaison with all the commonwealth nations, I think, in all the services, and we do co-operate particularly in matters of defence research.

Mr. Green: Is there any active co-operation with the other nations of the commonwealth?

Mr. Campney: I do not know what the hon. member means by "active co-operation". We all keep in touch with each other and with what each other is doing, but there is no financial assistance if that is what the hon. member has in mind, or working our defence forces in unison or in work of that nature, so far as I know.

Mr. Green: Is there any exchange of officers between the forces of the different commonwealth nations? The minister will remember that before the second war there was close co-operation in defence matters among all the nations of the commonwealth, and conferences were held at different times to promote that co-operation. If it had not been for that the war might very well have been lost. For practically a whole year the commonwealth stood alone.

It does seem to me a shame that 11 years after the war most of that co-operation has vanished. Would it not be possible for Canada to help restore it by extending the provisions of this air training plan to make it possible for the airmen from the other nations of the commonwealth to get their training here?

Mr. Campney: I am not sure that any suggestions along that line would be well received, not because they would not be appreciated but because, as I have said, these countries all have their own air training schemes.

Reverting to the other observation made by the hon. member just a few minutes ago, we do have a good deal in the way of communication and visits. For example, I can think of two instances and there may be a good many more. I know in our army staff college there are some Indian officers. The army exchanges some officers with Australia. A good many things of that kind are going on all the time. We have visits from the senior officers of the other commonwealth nations, and we make return visits. There is a general liaison, but no specific relationships such as the hon. member has now suggested, namely an air training scheme. There is nothing of that nature.

Mr. Green: Would there be any serious handicap in the way of extending the air training plan to cover those other nations?

Mr. Campney: Well, that raises a lot of questions. I am not sure what is in the hon. member's mind, whether he means on basis of payment by those nations or whether he means it would be free. All these questions would have to be considered. So far as I know there has never been any suggestion about it since world war II. There is no question about the advantages accruing during the war. As I say, the period of my personal knowledge is two years, and there have been no developments of that nature during that time.

Mr. Diefenbaker: Before this discussion is completed would the minister tell the committee the basis upon which the determination is made relative to the share to be paid by each of the NATO nations for a given purpose in connection with mutual aid, for instance, and the recent gift by Canada to West Germany of some 75 aircraft? Will the minister explain what actually takes place in the NATO organization, how the determination is arrived at and how the designation of a particular country is made? That is something that has never been clearly placed before the committee at any time.

Mr. Campney: The amount of mutual aid and the nature of the commodities which make up mutual aid is entirely within the jurisdiction of the donor countries; in other words, we say we have certain elements of

our defence equipment we would be willing to give for mutual aid. The standing group which, as I said the other day, consists of a subcommittee, I think, of the military committee, on which there is a representative from the United States, one from the United Kingdom and one from France, has made known to it the equipment available. The subcommittee is supposed to canvass the situation and recommend who it thinks should receive this equipment, and usually that is carried out. We have the final decision, but the recommendation comes from that subcommittee. If the hon. member would care to look at page 19, paragraph 64 of the white paper for 1955-56 he will see what is set out there outlines the procedure.

Mr. Diefenbaker: I did not hear what the minister said.

Mr. Campney: I might read this into the record. Paragraph 64 of the white paper of 1955-56 sets out the following, which is a short summary of the procedure that is carried on:

> To ensure that materials and equipment transferred by Canada as mutual aid do go to the nation or nations able to use it to the best advantage of NATO as a whole, offers are made initially through the standing group or the NATO secretariat. These bodies evaluate the relative needs of prospective recipient countries and make recommendations as to the most effective allocations. Canada normally accepts the recommendations of these NATO agencies and the equipment is then formally offered through diplomatic channels to the nations concerned. For their part, individual member countries, when indicating a requirement for specific items or groups of items, undertake certain financial obligations relating to costs such as those for transfer and, as applicable, for installation and maintenance.

Mr. Diefenbaker: Possibly I did not make myself exactly clear. What is the basis for determination as to the total contribution to be made in this connection by each of the countries? Is it determined on a per capita basis, or how is it determined? How does this NATO organization determine that Canada, as one of the member nations, should make a contribution, or could make a contribution, of 75 aircraft to West Germany? Why would Canada be placed in the position of a country able to make their contribution, rather than any of the members of the NATO organization? That is what I want to know.

Mr. Campney: Well, the decision as to offering 75 Sabre jets is a decision within the jurisdiction of Canada.

Mr. Diefenbaker: Is it suggested to Canada that Canada might do that?

Mr. Campney: No; we look over our situation and, in the light of our needs, the changes in our position and so on, we decide that we have certain material that we could dispose of and which might be useful to other NATO nations, and we make that known to NATO. That is the first time the NATO standing group or secretariat comes into the picture at all. They advise us what they think we should do with the material. We ordinarily take their recommendation and carry it out. Through diplomatic channels we find out whether the nation recommended is willing to receive the material, but the decision as to what constitutes our mutual aid is ours solely and completely.

Mr. Dinsdale: Mr. Chairman, the minister has announced that 75 Sabre jets are being supplied to the West German air force. I wonder if he could tell the committee whether any suggestion has been made that the airmen who will fly these jet aircraft will come under the NATO training scheme and be trained in Canada?

Mr. Campney: The question of the training for the pilots of these Sabre jets is now under study and no decision has yet been reached with respect to it.

Mr. Dinsdale: Does the West German air force have its own training facilities?

Mr. Campney: They are just being constituted now.

Mr. Green: The minister must know whether the West German pilots are to be trained—

Mr. Campney: Why must I know? I do not know.

Mr. Green: Pardon?

Mr. Campney: Why must I know?

Mr. Green: Goodness gracious, surely the minister must know. West Germany is a partner in NATO and surely the problem has been discussed; if it has not been discussed it should be.

Mr. Campney: It is being discussed now.

Mr. Green: Is there any suggestion that West German pilots will be trained in Canada?

Mr. Campney: There is no decision as yet.

Mr. Green: Are we going to be put in the position that Canada will be training West German pilots when she will not train pilots from other parts of the commonwealth? Is there any danger of that happening?

Mr. Campney: I cannot answer that categorically, but I have already pointed out that we are cutting down our training for NATO and not building it up.

Item agreed to.

236. Grants to military associations, institutes and others, as detailed in the estimates, $249,175.

Mr. Dinsdale: Item No. 236 seems to cover all the general services and special grants to military associations and organizations. There are two associations closely connected with the air force that are not mentioned under this item, and I am wondering if the minister could inform the committee what is the status of the air force association and the air force benevolent fund association in the regular air force set-up? They are housed in Beaver barracks. There would seem to be some connection with the air force organization, but nowhere in the estimates of the Department of National Defence do I see any reference to the activities of the air force benevolent fund association.

I noticed that the hon. member for Queens tried to get some information concerning the activities of the air force benevolent fund on the estimates of the Department of Veterans Affairs. The minister concerned informed him, as recorded at page 5900 of *Hansard*, that this particular benevolent fund along with the navy benevolent fund had no connection with the Department of Veterans Affairs.

I receive regularly the report of the army benevolent fund and I find it extremely useful information, because from time to time I have ex-servicemen in my constituency who require the assistance of this particular fund. I have not been able to get any inside information, nor have I been able to obtain a report on the activities of the equivalent air force benevolent fund. Has the minister any information on this subject?

Mr. Campney: I have in my hand the thirteenth annual report for last year of the air force benevolent fund, which I think is replete with information which my hon. friend might like to have. The organization has no official connection with the air force. It is an incorporated group which under its charter has powers to handle certain funds which have been built up over the years, as the hon. member knows. We have no jurisdiction with respect to it, so far as I know; in fact I am sure we have not.

Mr. Dinsdale: Could the minister indicate whether any services are provided for the benevolent fund or does it operate purely as an autonomous body?

Mr. Campney: We do work in co-operation with them, I understand, and furnish them with information about cases and so on, but we have no official responsibility for the handling of their funds or the allocating of their loans or gifts. They have a board which deals with that.

Mr. Dinsdale: Who pays the rent for them at Beaver barracks? Does the air force provide that service?

Mr. Campney: We do small things like that. We give them space here and there and we co-operate with them because we feel they are doing very useful work. I believe we do give them some space at Beaver barracks.

Item agreed to.

The Deputy Chairman: That completes the Department of National Defence. We come now to the Department of Defence Production, item 85, to be found on page 16 with the details commencing on page 168.

DEPARTMENT OF DEFENCE PRODUCTION

85. Departmental administration and payments to Canadian Commercial Corporation and other corporate agencies for services provided in connection with defence purchasing and production, $6,145,727.

Mr. Hamilton (York West): As a matter of fact, Mr. Chairman, when I retreated from the position of quarterback in the last debate I did not realize I was going to be the fullback in this debate commencing at 20 minutes past nine.

I would like to say in the beginning that there seems to be considerable concern about the situation which confronts our aircraft industry in this country today. I think that concern involves not only the question of employment but it involves as well the question of the maintenance of adequate facilities. In times of emergencies it also involves the maintenance of qualified trained technical personnel to meet such emergencies.

In the discussion which took place in connection with the defence estimates I questioned the minister along certain lines, because I felt quite sure there would be some question raised at a later date as to whether my remarks referred to the Department of Defence Production or whether in fact they referred to defence or transport. I said at that time, and I still feel, that if we have to cross these lines this seems a logical place for such a discussion, because I think everyone in the house would look to the leadership of the Minister of Defence Production to bring about any liaison that is required to deal with problems of this kind.

First of all let me say this. I cannot accept the theory as I heard it expressed in one way or another by the minister that the government has no responsibility in connection with employment in defence industries. I have heard him say, for example, that A. V. Roe is a private company, that they manage their own affairs and he does not interfere.

It may be true that in many industries the government does not have to play any particular role, as there may be possibilities of diversification of one sort and another. That would apply even to industries within the aircraft industry. A manufacturer of electronic items in connection with control apparatus for the CF-100 may also be making hi-fi sets. But when you get down to the companies actually involved in the production of aircraft you find it is most difficult for them to diversify, to manufacture other things which will keep their production lines rolling.

This industry certainly has reached fairly important proportions in so far as our total production capacity is concerned. I think the minister said that at the present time the aircraft industry ranks ninth in value of production and third in employment. That is readily understandable when we realize the various projects being carried on at the present time.

There is the CF-105 being manufactured by A. V. Roe at Malton. There is the continuing production of the CF-100 with its various marks, the latest being mark VI. We have the CL-28, which is the Britannia maritime reconnaissance plane, a revised version of a British transport plane which is to go into production at Canadair. We have the CS2F anti-submarine aircraft being manufactured by de Havilland at Toronto. There is the development by Orenda of the PS-13 turbojet engine, which gives indications of having the most powerful thrust of any engine in the field today. There is the R18-220 engine to be used in the CS2F, which I understand is being manufactured under licence. As far as the engines for the CL-28 are concerned, they are being purchased. The minister stated that the quantity required was not large enough for us to become involved in manufacturing, that it was cheaper to buy.

One of the chief concerns today is the indication of a slow-down in the production line at A.V. Roe at Malton. I said this afternoon, and I think I may be permitted to repeat, that this could be caused probably by any one of three reasons. It may be that the CF-105 program is not advancing rapidly enough. After having inspected the facilities and seen the aircraft my personal feeling is that it will not come along just as fast as was expected, but it seems to be making very rapid progress. I would say that any slow-down there is not the result of any failure on the part of the company to go along with the development of this very radical plane.

That leaves a couple of more ideas why there may be a stretchout in this program.

[Mr. Hamilton (York West).]

It may be that there are not enough men being induced to join the air and ground crews of the air force. That is a very serious situation and is one with which the Minister of National Defence will have to grapple. According to the information given to the house there is every indication that this may be a serious problem in the future. It may be that one reason there are not enough men coming along to man these fighter planes is that we are not fitting them basically to fly the type of plane they would be called upon to fly in peacetime. They may be expecting to get full training in the armed forces to equip them to do that job.

I think there is real reason for concern over this slow-down. There is nothing to fill in during what might be called the bust period in connection with the wartime type of production. It seems to me that there is a responsibility upon the government to work out the solution of that problem in industry, especially when it is almost impossible for the industry to diversify their production lines.

What is the result of the failure of the government to accept responsibility for looking into this? What is the result of the lack of continuity on the production line? One thing we can be sure of, the taxpayer is the one who is going to pay. Notwithstanding the information we have had here, notwithstanding the indication that there are various types of contracts which may be entered into —I have heard them referred to as a cost-plus plan, a target price with incentive features and a negotiated price—there can be only one result, and that is that the taxpayer must pay more money for the individual item which is bought. I say that notwithstanding the types of contracts we have heard about, that will be the result. At page 14 of the report of the department we find the following:

> A continuing increase in production efficiency resulted in decreased costs for the CF-100. Further development of this aircraft was undertaken during the year to obtain more powerful armament, greater altitude, and improved manoeuvrability. Series 11 and 14 Orenda jet engines for both the Sabre and CF-100 continued to be produced satisfactorily, but at a reduced rate reflecting the reduction in aircraft output.

Similarly we find this statement by the Minister of National Defence at page 6124 of *Hansard* of July 18:

> Similarly, in the case of the CF-100, development costs prior to the production of the first plane were given last year as being around $122 million. The current unit cost, with spares, is a little over $700,000.

The minister went on to deal with the Sabre and his words there were as follows:

> Although we made a number of improvements in the Sabre, our aircraft industry also managed

to work out substantial production economies and the current unit cost of a Sabre mark VI, complete with spares, is now about $340,000.

There is one point that is missed. The A. V. Roe plant in Toronto is set up and equipped to produce 25 planes a month of the type we are talking about. When the production is cut down to 10, whether it is a negotiated price or a target price with incentive features, you are still going to pay more money for your plane. A formula has been worked out to cover the over-all picture which indicates that $1 must be spent on the actual production of the plane as against $1.35 for administration and general overhead. That is considered a good ratio if you are producing at your full production rate. But if you cut your production rate down from 25 to 10 then obviously you change the ratio in so far as your administrative expenses are concerned as compared with the actual money spent in producing the plane.

The Minister of National Defence said today that a plane of this type now costs about $700,000. It is conceivable that because of this cut-back in production we are paying a few hundred dollars more for a plane than if the production line were in full use. Of course there is the further problem of employment, and I think it is a very serious one. I have here a copy of the *Globe and Mail* of Friday, June 29, 1956, with the heading:

"Breach of Faith".
Union Criticizes Howe Over Malton Layoffs.

We might read this and we can see exactly what the situation is in connection with employment in a case of this kind. It says:

The federal government yesterday was charged with a breach of faith following an announcement that an estimated 500 workers will be laid off at Avro aircraft's Malton plant. The charge was contained in a telegram sent to defence production minister Howe, whose departmental request that the production rate of CF-100 jet interceptors be stretched out, resulted in the lay-offs. . . .

In January, 1955, the company laid off 1,100 workers, cutting the monthly production of CF-100's by 40 per cent. Three months later, another 1,000 workers were given notice of a gradual layoff.

It is no wonder there is a feeling that it may be impossible to maintain that type of production line to which the minister has referred as avoiding the troughs or periods of low activity.

There were attempts in connection with this particular company to produce other types of aircraft, and apparently they did not meet with the entire approval of the minister. I know that during the course of this debate reference was made to the production of the jet liner. I think the minister said that was a closed book and need not refer to that again, but it seemed to me that the indications from his answers were that it was not so much the start of the Korean war that had resulted in the closing of this production line, which I think might have been the salvation from the standpoint of maintaining a clean-cut through-put in connection with that production line, but the fact that he had decided that the plane was not going to live up to expectations. As a matter of fact it might be wise to see what he said about it:

My hon. friend referred to our first attempt at building a jet liner. It is true we had the manufacturing capacity and we wished to keep a nucleus staff working at Malton. Therefore we undertook to produce a jet passenger plane. We brought it to the prototype stage; and while it is true it flew, there was everything wrong with it. It had to carry sand bags in the tail to fly properly.

Mr. Dinsdale: Not according to reports.

Mr. Howe (Port Arthur): I get my reports and the hon. member gets his. I have to trust mine and I am sure his are not accurate. Nevertheless, we spend the money allocated to us for specific projects, and we get reports which we believe are accurate. It so happened that the Comet was being developed at the time, and although the Comet did not come into production until two or three years later there was nothing encouraging about the results of that prototype at Avro on which we had spent $6·6 million.

I thought all along that there was an indication that we interrupted this particular production because of a crisis in the Korean war but, if I am to believe this type of evidence, it was because the minister had no faith in the aircraft itself. But I want to tell you this, that apparently the company did not feel that way, and the people who worked on the project did not feel that way.

Mr. Howe (Port Arthur): May I ask my hon. friend a question? Why did the company not keep on with the jet liner? We did not stop it. We were paying 75 per cent of the cost as a joint venture, and we said we would not contribute our 75 per cent any more. We did not stop the company. It was their jet liner, and they could have carried on.

Mr. Hamilton (York West): I should think the minister would know the answer to that very easily. He happens to have under his control, as one of the many features, Trans-Canada Air Lines. If he says he does not like the plane at Malton I am sure he is not going to like it anywhere else, and the company would have been very foolish under those circumstances to put any more funds into it.

Mr. Howe (Port Arthur): I thought they had customers for it all over the United States. That was your statement the other day.

Mr. Hamilton (York West): It was not my statement, but I should think that anyone producing here would have a basic loyalty to a Canadian product, and I think in this particular case that was lacking in the minister. The article in the Toronto *Telegram* of June 30, 1956, says:

Company Denies Charging Politics Grounded Plane

Avro aircraft officials still think their jet liner is a wonderful airplane. But defence production minister Howe today insisted that the prototype "was hopeless".

At the same time Avro vice president Fred T. Smye denied any Avro official had claimed there was political interference on the jet liner project, abandoned in 1950 to put the company's full production weight behind the CF-100 fighter.

"You would have to be out of your mind to say that," said Mr. Smye.

I suppose you would if you were dealing with this government every day of the week.

Mr. Howe said in a telephone interview that his inspectors had told him the prototype, Canada's first commercial-type jet aircraft, had not passed inspection and never would.

"That plane was hopeless," said the minister.

Mr. Howe told the House of Commons yesterday the "plane had to carry sand in the tail to fly."

Avro argued the sand was ballast in the wings to make up the weight of equipment not installed in the test model.

"Sand in the tail—sand in the wings," said Mr. Howe. "Inspectors told me they would never pass the plane. Besides, the whole thing is a dead duck so why bring it up."

Avro, aided by an $8 million government loan, built the prototype in 1949. However, there were no bidders for the first jet air liner built in North America.

Mr. Howe said lack of buyer interest and increased production of CF-100 jets for the Korean war were other factors which had killed the jet-liner project.

Avro feels Mr. Howe should regard the plane more highly. "It is still a wonderful airplane," the company said.

Mr. Howe (Port Arthur): May I interject that the abuse I am getting from my hon. friend and the Toronto press for stopping the building of an airplane in Toronto does not compare in any way with the abuse I got for carrying one on in the city of Montreal. I may say that in those days the *Globe and Mail* knew how to write bitter editorials and they certainly gave us the full dose. I fought the Conservative party all through an election for trying to blame the government for building an airplane, so I guess I can take with some equanimity any mild abuse my hon. friend can hand out for stopping the building of an airplane.

Mr. Hamilton (York West): If I have abused the minister I will say that it is the first time I have done so.

Mr. Dickey: No.

An hon. Member: The minister is sensitive.

[Mr. Howe (Port Arthur).]

Mr. Hamilton (York West): It may be that I have hit a sensitive area for the first time. It may be that I myself have a feeling of loyalty to a plant in an area with which I am closely identified, which has made me say the things I have, but I still think they are very important. Although I did not take part as a candidate in the campaign the minister mentioned, I think he is a little off base when he says that we argued over the efficiency or stability of an aircraft. I think the major issue at that time, and apparently people still do not see it, was the machinations of the Electric Boat Company and the sale of the plant in Montreal.

Mr. Dickey: Oh, no; it was the North Star aircraft.

Mr. Howe (Port Arthur): You were too young to know what the debate was about. It was not about that at all.

Mr. Hamilton (York West): That is what it was about, but you tried to make it appear that it was not about that.

Mr. Howe (Port Arthur): I will read you some clippings. It was whether or not the North Star was safe.

Mr. Hamilton (York West): At least at this hour in the house on a Friday night we apparently have some interest in a particular problem. I am duly grateful for that if I have contributed anything to it. But this is not the only plane of this type that has had trouble obtaining the official sanction of the minister. I think he possibly had something to do with another one. I do not know, but he can answer me later. I do not want to be interrupted at every stage of the debate, but I noticed in the Toronto *Telegram* of January 20 of this year that Mr. Notman indicated that the government had killed a new plane project at Canadair. Which particular project it was and what particular part the minister played in it I do not know, but it is an indication, as I say, that there is a fairly heavy hand exercised in this business.

What could be done in a case like this? We are always accused of standing up and criticizing and we are told, "You do not have to worry, you are in the opposition. We are the people who worry nights whether or not the money is spent wisely." If you want to look for a solution of some kind I think you can find it right in the statistics. We have had some of them before us in discussing the estimates of the Department of National Defence. At that time I read from the statement by the Minister of National Defence concerning the question of the all-up air transport of a brigade as far as our armed

forces are concerned, and I shall read it again. He said, as found at page 5212 of *Hansard*:

> For example, if aircraft such as the C-119 were used, apart altogether from the cost of ground facilities and air crew, but allowing for reserve aircraft, it would require 148 planes, at a cost of about $150 million, to provide a one-up lift for an army brigade without its heavy equipment.

This certainly is the direction toward which all armies are heading at the present time, and is a swing away from the parachute type of troop to the airborne transport troop. The minister referred to 148 planes and $150 million. Well, that might have staggered me when I came here first, but when I saw a defence budget two years in a row of $1,775 million it appeared to me something that we could easily handle by cutting out some of the waste and extravagance that exists; and $150 million spent on the production of this type of aircraft and stretched over a three or four year period would produce the wherewithal to transport an army brigade.

There is nothing remarkable about this type of production. As a matter of fact it is used regularly in the United States. There is not a civil air transport that has not been the result of some prior type of war transport and, as a matter of fact, the civil authorities have gone one step further in the United States. They have provided a leasing plan whereby when the plane is produced and if the government has taken any part in the original order a leasing arrangement is made with the civil air transport companies. By doing this they have a ready made reserve civil air fleet. As a matter of fact, as I said before, one of the provisions of such leasing agreement is that the plane is subject to recall on about 48 hours' notice, and the crew must be supplied.

If anyone says we do not need anything like this I think they are really whistling in the dark. If such a plan had been inaugurated at the time the jet liner was first conceived I am quite convinced we would not have been reading headlines like these: "Pilots Say D.E.W. Lift Craft Are Obsolete, Dangerous"; "Pilots Blame Ottawa for Airlift Bungle"; "York Type Transports Grounded".

If you want to know how we stand in connection with the civil air picture you might take a look at a return I received, as found at page 3608 of *Hansard* of May 4. There you will find that when the D.E.W. air lift started we had 286 multi-engined planes. Sixty-nine of them belonged to Trans-Canada Air Lines and there were 148—

An hon. Member: Time.

Mr. Hamilton (York West): It may be time but I will certainly have plenty of opportunity to continue. There are now 454 such planes. I am not going to tell you all about those planes. You can read the return for yourself. However, there were none manufactured in Canada. They were imported from Great Britain, Italy and chiefly from the United States. It might also be of interest to hon. members to know that there were only 39 that were new and 129 were used. That gives a fairly clear indication of the position of civil aircraft in Canada. It gives a fairly clear indication that there is and will continue to be an opportunity to utilize the production lines of our aircraft factories in building transports of the type we can make use of in the northern areas of this country.

Someone may say that 148 planes are not very many. I can tell you that in the Avro brief before the Gordon commission it was stated that they could successfully develop and build on an economic basis and compete anywhere if they had an order for 100 planes. I am not going to read that to you tonight, sir—

Mr. Hosking: Your time is up.

Mr. Hamilton (York West): We have a new timekeeper.

Mr. Harkness: Your time has never started.

Mr. Hamilton (York West): He has the voice of a major league umpire and about as many brains. The Avro brief before the Gordon commission has this to say about civil possibilities:

> Military aviation is a matter of survival. Civil aviation is primarily a matter of economics in its role in the growth of our economy and in keeping pace with other countries in commerce and industry. To maintain her position as a major trading nation and to continue the development of national resources Canada particularly will need commercial aircraft of the most advanced types in use anywhere. . . . Also there is one Canadian area in which aviation stands virtually alone—the north.

Further on the brief has this to say:

> The great need in this northern push, even today, is an all-purpose aircraft designed to meet northern conditions—rigorous climate, long ranges, remote airports with short runways. In addition to its commercial role it would have a military function as a troop and supply transport. A transport of this kind would be ideal on the D.E.W. line and other radar line projects.

As for production costs the brief has this to say, and here is the comparison:

> As for production costs, the CF-100 and the Orenda, which are as good if not better than anything available elsewhere, have been delivered at prices below what we would have had to pay elsewhere. The CF-100 costs substantially less than a comparable United States aircraft while the Orenda is several thousand dollars cheaper

than its United States counterpart. This is on the basis of production of more than 400 CF-100's and over 3,000 Orendas.

The Deputy Chairman: Order. I am sorry to interrupt the hon. member, but his time has expired.

Mr. Howe (Port Arthur): Mr. Chairman, I shall reply very briefly. It was stated that Canada had not built civilian aircraft. Canada is building civilian aircraft and a good many of them. The de Havilland company, with works within a few miles of Malton, are building civilian aircraft. They are getting civilian orders and they have not asked for any government help in designing these planes or, at least, very minor government help.

The hon. gentleman suggests that nobody can design a plane here unless the government supplies the money. I think that is something that is slightly out of tune with the practice in any country of the world that I know about. I do not know of any country where the designer of a civil plane goes to the government to get money to bring it into production. However, I will say this to the hon. gentleman, in spite of the lay-offs to which he refers. The lay-offs are purely a matter of protecting the great body of labour in the plant by stretching out the program to cover a gap between one type of production and another. There are over 10,000 people working in Avro at Malton. There are some 5,000 people working for de Havilland at Malton. I do not know what the number is at Canadair in Montreal but I should think it is about 8,000.

My hon. friend may be optimistic enough to think that force can be carried through the years and that we can keep that labour force building aircraft in normal times. I hope he is right. I am doing my best to hold the line steady and to produce the planes that seem to be required to meet the present-day situation. Anything I do is along that line. He says that I say I have no responsibility for aircraft. I do not go into a privately-owned plant and tell them how many men they need. However, I try to allocate such work as the government has in such a way that we can maintain reasonably steady employment. When we move out of a period of build-up of production of aircraft into a period when that build-up has been completed, I do not know of any way in which you can hold the maximum staff required for the build-up in order to carry on operations to meet normal requirements of a military type in this country. If the hon. member knows, I think perhaps he had better give me the pattern, because I thought we were doing quite a scientific job in meeting military demands, cutting down as the requirements are cut down and maintaining reasonably steady employment in our aircraft plants.

Mr. Hamilton (York West): As there are only about five minutes left, perhaps I might ask the minister if he really compares the development and manufacture here of aircraft of the Beaver or Otter type with the type of aircraft which we have seen imported here in quantities—it looks like a couple of hundred—over the period of the last year to year and a half? Does he know of any comparable aircraft of the type of which I am speaking which has been built in the United States without assistance from the government in its original development as a military aircraft?

Mr. Howe (Port Arthur): I do indeed; many of them. The DC-6 and the DC-7, Douglas planes, were built without military assistance. The hon. member talks about jet transport aircraft now being built. As a matter of fact T.C.A. has an order for four or five. That aircraft will cost between five and six million dollars. It is being built on civilian orders and without any government assistance whatever. I could go on and mention others such as the Lockheed Lone Star, which is a turbo-prop plane being built to fill civilian orders. As a matter of fact, in the case of the stratocruiser—that is the Boeing stratocruiser—that was built as a civilian plane and was later taken over by the army and developed as a tanker to supply jet aircraft in the air. But there are more modern planes brought into production in the United States on civilian orders than there are adaptations of military planes.

Mr. Hamilton (York West): The minister, of course, would admit that in about three of the five instances he gave the aircraft in question has been a subsequent development. When he talks about the DC-6, that is a line of aircraft which was developed, I think, during the last war.

Mr. Howe (Port Arthur): Oh, no.

Mr. Hamilton (York West): It may be that they comprise the next step along the line, but certainly they got assistance in the first instance in order to get into production.

The Deputy Chairman: Shall the item carry?

Mr. Monteith: No. I should like to make a statement on this matter, but as it is practically ten o'clock I should simply like at this moment to ask a question about item 85. I notice that telephones and telegrams are down from $175,000 to $130,000. I am just wondering why.

Mr. Howe (Port Arthur): The result of an economy drive put on in the department.

Mr. Harkness: That is the first one.

Mr. Dickey: The most recent of many.

Mr. Howe (Port Arthur): We keep whittling away every year. Perhaps you have noticed that our estimates are being cut down every year. They have been cut down every year since 1953.

Mr. Monteith: That is wonderful. I am just noticing an item of a somewhat similar type, namely office stationery, supplies and equipment, which is up from $190,000 to $204,500. I am just wondering, if they are really economy-minded, why they should be cutting down so considerably with regard to telephones and telegrams and then increasing with respect to office stationery, supplies and equipment. Does that mean they are cutting down on telephones and telegrams and writing more letters? I think many government departments should do so.

Mr. Howe (Port Arthur): That is the answer, yes; plus a slight increase in the cost of fine paper.

An hon. Member: Ten o'clock.

The Deputy Chairman: Shall I report the resolutions, report progress and ask leave to sit again?

Some hon. Members: Agreed.

Progress reported.

Resolutions adopted in committee of supply this day reported and concurred in.

BUSINESS OF THE HOUSE

Mr. Harris: Mr. Speaker, on Monday we shall take second reading of the bill with respect to fiscal arrangements with the provinces and will continue on Tuesday, if necessary. However, any part of those two days that may be free will be taken up with consideration of the bill to amend the Indian Act, the bill to amend the Supreme Court Act, and the resolution in the name of the Minister of Transport with respect to the St. Lawrence seaway authority. On Wednesday we shall take interim supply, and then the estimates of defence production, northern affairs, health and welfare, C.B.C., and transport.

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

Question

ANSWER TO QUESTION

The following answer, deposited with the Clerk of the house, is printed in the official report of debates pursuant to standing order 39:

COAL—PRODUCTION CURTAILMENT, MARITIME PROVINCES

Question No. 557—**Mr. Balcom:**

Is there any indication that there will be curtailment in coal production in 1956 due to the lack of markets for maritime coal?

Answer by: **Hon. George Prudham (Minister of Mines and Technical Surveys):**

No. As stated in *Hansard* on page 5739, it has been estimated that the existing subvention provisions would enable the Nova Scotia coal mines to find outlets for their production in the 12 months ending March 31, 1957.

[The following items were passed in committee of supply]:

DEPARTMENT OF NATIONAL DEFENCE

Defence services—

235. To provide for the Canadian forces, the defence research board and other expenditures relating to defence, including contributions toward the military costs of the North Atlantic Treaty Organization; to authorize expenditures in the current year out of the amount hereby provided, not exceeding $143,000,000, under provision of section 3 of the Defence Appropriation Act, 1950, and to provide that, notwithstanding subsection 3 of that section, where equipment or supplies are transferred, the estimated present value thereof shall be credited to this vote instead of being paid into the special account mentioned in the said subsection 3, and when so credited may be expended for the purposes of the Canadian forces; and notwithstanding section 30 of the Financial Administration Act to authorize total commitments for the foregoing purposes of $3,470,423,461 regardless of the year in which such commitments will come in course of payment (of which it is estimated that $1,675,484,744 will come due for payment in future years), $1,722,797,717.

236. Grants to military associations, institutes and others, as detailed in the estimates, $249,175.

237. War museum, $25,440.

Pensions and other benefits—

238. Civil pensions, as detailed in the estimates, $2,457.

239. To authorize in respect of members of the Royal Canadian Air Force on leave without pay and serving as instructors with civilian training organizations operating under the British commonwealth air training plan who were killed, payment to their dependents of amounts equal to the amounts such dependents would have received under the Pension Act, as amended, had such service as instructors been military service in the armed forces of Canada, less the value of any benefits received by such dependents under insurance contracts which were effected on the lives of such members of the Royal Canadian Air Force by or at the expense of the civilian organizations, $3,890.

Defence Services Pension Act—

240. Government contribution to the permanent services pension account, $46,351,821.

732. To authorize loans to be made in the current and subsequent fiscal years in respect of housing projects constructed, pursuant to an agreement with the Minister of National Defence, for occupancy by members of the Canadian forces; such loans to be at interest rates and in accordance with such terms and conditions as the governor in council prescribes, $5,000,000.

733. To authorize, under such terms and conditions as the governor in council prescribes, a capital assistance loan to the town of Oromocto, New Brunswick, to be covered by town debentures, for the purpose of assisting in the completion of the physical development of municipal works, $2,000,000.

HOUSE OF COMMONS

Monday, July 23, 1956

The house met at eleven o'clock.

ROYAL CANADIAN MOUNTED POLICE

AMENDMENTS RESPECTING SUCCESSION DUTIES ON PENSIONS AND ALLOWANCES, TIME COUNTED FOR PENSION, ETC.

Hon. Stuart S. Garson (Minister of Justice) moved that the house go into committee at the next sitting to consider the following resolution, which has been recommended to the house by His Excellency:

That it is expedient to introduce a measure to amend the Royal Canadian Mounted Police Act to provide for the payment and recovery of succession duties payable on pensions and allowances; also to extend in certain cases and under certain conditions the time and service that may be counted for pension purposes; and further to provide the funds for the additional liability to the R.C.M.P. pensions account resulting from general pay increases.

Motion agreed to.

MOTIONS FOR PAPERS

HOUSING REDEVELOPMENT, MONTREAL

Motion No. 94—**Mr. Richardson:**

For a copy of all correspondence exchanged between the Minister of Public Works and the premier of Quebec, the mayor or any other officials of the city of Montreal, regarding the proposed housing redevelopment project in Montreal since July 1, 1956.

Motion agreed to.

PUBLIC WORKS CORRESPONDENCE

Motion No. 95—**Mr. Diefenbaker:**

For a copy of all correspondence which passed between the Department of Public Works and/or Defence Construction (1951) Limited, Central Mortgage and Housing Corporation, and Builders' Exchange, in Halifax, Winnipeg, Calgary and Vancouver, since the 1st day of June, 1956.

Mr. Dickey: Mr. Speaker, perhaps the hon. member would let this motion stand for today. I want to have a word with him about it.

Mr. Speaker: Is that agreed?

Mr. Diefenbaker: Agreed.

Motion stands.

EXTERNAL AFFAIRS

REQUEST FOR REVIEW OF FOREIGN AID PROGRAM

On the orders of the day:

Mr. H. O. White (Middlesex East): Mr. Speaker, I would like to direct a question to the Secretary of State for External Affairs. My question arises out of an article in this morning's Montreal *Gazette* which is headlined "Nasser caught in own ruse".

Will the government review its current foreign aid program in the light of apparent double-talk going on in Egypt and elsewhere?

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, our foreign aid program is covered by the United Nations arrangements for technical and other assistance and the Colombo plan. These two matters are continually under review and I do not think there is any necessity for carrying that review further at this time.

ALLEGED COMMUNIST INVESTMENT IN UNITED STATES THROUGH CANADA

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I should like to direct a question to the Secretary of State for External Affairs and ask him if he is now in a position to comment upon the fantastic statement made by Mr. Armstrong of the securities and exchange commission of the United States to the effect that Canada is being used as a base for the infiltration of communist investment in United States corporations, particularly those manufacturing secret material?

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, we have made inquiries of all departments and branches of the Canadian government in order to ascertain whether any complaint has been received by any agency in connection with this matter and the advice is that no such complaint or inquiry has been received from Washington. It seems a little surprising that the chairman of the securities and exchange commission, if he has any anxiety in regard to this subject, should not take it up through the appropriate channels with the Canadian government at the same time he mentioned the matter to the internal security subcommittee of the United States Senate.

Mr. Diefenbaker: When Mr. Armstrong made his statement was it supported by any evidence or was it just a generalization?

Mr. Pearson: From the reports we have received it was merely a generalization not supported by evidence.

Inquiries of the Ministry

EGYPT—POSITION OF CANADA AS TO FINANCING OF ASWAN DAM

On the orders of the day:

Hon. W. E. Harris (Minister of Finance): Mr. Speaker, last Friday the hon. member for Nanaimo (Mr. Cameron) invited me to comment on the situation arising out of the withdrawal of the United States and British offers of financial help to Egypt in connection with the Aswan high dam project and asked whether I would instruct the Canadian executive director of the international bank to press that institution to finance the project notwithstanding this change in the situation.

I am sure that the house will agree that the offer of aid by one country for a particular project in another country or the withdrawal of such an offer are not matters on which it would be appropriate for me to comment. It may, however, be useful to the house if I recall some of the main facts connected with the role of the international bank in the Aswan high dam project.

The project itself is a very ambitious one consisting of three main elements: First, the construction at Aswan of a dam 400 feet high and three miles long to store the waters of the Nile; second, the use of the stored water to extend perennial irrigation to some two million acres of land, which would raise by one-third the amount of irrigated land in Egypt; and third, the installation of hydroelectric production and distributive systems of a capacity which would more than double the hydroelectric power available to Egypt. The estimated cost of the project and ancillary works is $1,350 million, of which $400 million is represented by private investment, leaving $950 million to be publicly financed. Of this $400 million is represented by foreign exchange requirements and the balance of $550 million by local expenditures on goods and services.

Mr. Eugene Black, the president of the international bank, and members of his staff have been engaged in discussions with the Egyptian authorities and studies of this important and complicated project during the past two or three years. At the end of 1955, Mr. Black indicated that, given the existence of certain conditions, he would be prepared to recommend to the bank's board of executive directors a loan or loans to Egypt for the Aswan high dam. After a careful study of Egypt's economic prospects, the management of the bank concluded that the maximum external debt which the Egyptian economy could be expected to service in respect of the project would be of the order of half the foreign exchange costs, or approximately $200 million. Accordingly, if the project was to be executed without prejudice to the Egyptian economy, it would be necessary for the Egyptian government to find elsewhere the remainder of the needed foreign exchange without imposing additional debt charges on the economy.

The house will be aware that the governments of the United States and United Kingdom had indicated their willingness to provide together on a grant basis some $70 million toward the foreign exchange cost of the first stages of the project and that they would be prepared at a later date, in the light of the then existing circumstances and subject to legislative authority, to give sympathetic consideration to financing the later stages of the project as a supplement to bank lending.

With the withdrawal of United States and United Kingdom offers of assistance, it would appear that the availability of the total foreign exchange requirements of the project on a basis which will not unduly encumber the Egyptian economy can no longer be regarded as assured.

The international bank has issued no statement with regard to this matter. I would not wish to suggest that with regard to any particular project the management of the bank should depart from the normal lending criteria which have been established not only in the interests of the bank itself but of the borrowers. I think the house can be certain that if at some future time a proposal for a bank loan for the Aswan project comes before the executive directors of the bank it will be given careful and sympathetic consideration.

POLITICAL RIGHTS OF WOMEN—INQUIRY AS TO SIGNING OF CONVENTION BY CANADA

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I wish to direct a question to the Secretary of State for External Affairs. Has Canada yet signed the United Nations declaration on political rights of women? If not, is consideration being given by the government to signing this convention?

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, it is my impression—but I should like to check and make sure that my impression is correct—that we have not yet signed. If we have not yet signed, I am sure consideration is still being given to signing.

NATIONAL DEFENCE

WEST GERMANY—ALLEGED INADEQUATE RATIONS OF CANADIAN TROOPS

On the orders of the day:

Mr. H. O. White (Middlesex East): Mr. Speaker, I should like to direct a question to the Minister of National Defence arising out of an article which appeared in the London *Free Press* of Saturday, datelined Chatham, Ontario. According to the article Private Tunks, on compassionate leave from Germany, had this to say:

> If it were not for the parcels of food from home there would have been mutiny long before now. Canadian troops were on British rations and they are not used to getting bully beef day after day. We might get two eggs a week.

Has the government any knowledge of these allegations? Are Canadian eggs, bacon, cheese and other Canadian products being used for Canadian troops overseas or are they being purchased elsewhere?

Hon. R. O. Campney (Minister of National Defence): Mr. Speaker, I have not heard from Private Tunks. His comments on the food are not in accordance with my views with respect to the food I saw issued to the army during my visits to Europe. However, in view of the fact that he has raised the matter I shall look into it and see whether the commodities in which the hon. member is interested are being issued as rations.

TELEVISION

MOORE-PARKER BOXING BOUT—INQUIRY AS TO TELEVISING

On the orders of the day:

Mr. Clarence Gillis (Cape Breton South): Mr. Speaker, I should like to direct a question to the Minister of National Revenue. Is the minister in a position to satisfy the curiosity of a lot of people in the city, including members of this house, as to whether the Moore-Parker boxing bout to be held in Toronto will be televised?

Hon. J. J. McCann (Minister of National Revenue): Mr. Speaker, I am informed that it was not possible to make arrangements. The Toronto papers carried an advertisement this morning to the effect that there would be positively no television.

CRIMINAL LAW

CAPITAL AND CORPORAL PUNISHMENT—INQUIRY REGARDING INTRODUCTION OF LEGISLATION

On the orders of the day:

Mr. E. D. Fulton (Kamloops): May I ask the Minister of Justice whether it is the intention of the government at this session to introduce any legislation based on those matters on which the joint committee on capital and corporal punishment and lotteries has reported?

Hon. Stuart S. Garson (Minister of Justice): The matters upon which that joint committee has reported and will be reporting are tied into a larger subject with which the recommendations of the Fauteux report are also concerned. Our thought was that we would give careful consideration in the Department of Justice and in other interested departments of the government to all these matters, before we confer with the provincial governments, by which many of the aspects of law enforcement and administration of justice will be administered, and before we bring any legislation into this house. So I do not think there is any possibility at all of our bringing in legislation in the present parliamentary session.

Mr. Fulton: With respect to those portions of the Fauteux committee's report which lie exclusively in the legislative competence of this parliament, such as the changes recommended with respect to those sentences which have an option of fine, would it be the intention to introduce legislation on such matters at this session?

Mr. Garson: No. This is, as I am sure my hon. friend will appreciate, a very large subject; and all these various parts of it are closely related to one another. We think the wise policy is to consider it as a whole, by ourselves and also in concert with the provincial governments.

GRAIN

WHEAT—BOX CARS, QUOTAS AND MARKETING

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): May I direct a question to the Minister of Trade and Commerce. In view of the fact that just one week remains before the end of the crop year, will the minister say what report, if any, he has as to what is being done to accelerate the number of cars available for the shipment of wheat so that farmers, particularly in those areas where quotas are low, will be able to market a reasonable amount? Will he also say whether or not consideration has been given to permitting the farmers to market wheat they still have on hand from the 1955-56 crop after the beginning of the new crop year?

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, the last report I had was dated last Wednesday night. It indicated that the number of points on the 4 bushel quota had been reduced to 30. I am

sure those will be cleaned up, and I think that most 5 bushel quota points will be cleaned up by the end of the crop year. All C.P.R. cars are being concentrated on the low quota points.

A new development is that as of last Friday the quotas were removed from oats so that all oats can be shipped now free of quota restrictions. The reason for that is that the demand for oats is considerably larger than the visible supply. Stocks in store at ocean and lake ports are low. There is no hold-up as far as unloading box cars is concerned, and I think another week will improve the situation. Quotas will end at midnight of the 31st of July. However, in the new crop year which will begin on August 1 an effort will be made to give first preference to points that did not ship their fair quota during 1955-56.

Mr. Diefenbaker: I want to thank the minister.

Mr. W. G. Weir (Portage-Neepawa): May I also ask the Minister of Trade and Commerce if it will be possible to give special consideration in the new quota arrangements to those areas that have suffered crop failures in the last two or three years and in the ordinary sense are deserving of an even greater opportunity to deliver this year?

Mr. Howe (Port Arthur): Mr. Speaker, I stated some time ago that a special effort would be made to give prompt attention to the island country north of Winnipeg which has had two successive crop disasters. I think I can assure my hon. friend that a special effort will be made to extend that preference to all areas that have had crop failures during the past year.

CIVIL DEFENCE

MONTREAL—RESULTS OF TEST EXERCISE

On the orders of the day:

Mr. W. M. Hamilton (Notre Dame de Grace): I should like to direct a question to the Minister of National Health and Welfare. Was the absence of a civil defence organization in the city of Montreal estimated to increase greatly the casualties in that area in the test exercise just completed?

Hon. Paul Martin (Minister of National Health and Welfare): Mr. Speaker, the hon. gentleman was kind enough to give me notice of his intention to ask this question. In reply I would say that the umpire, General Hatton, has given an answer which I may use on this occasion, and that answer is in the affirmative.

[Mr. Howe (Port Arthur).]

HOUSE OF COMMONS

REPORTED RECOMMENDATION OF MEDICAL ADVISER TO GOVERNMENT

On the orders of the day:

Mr. A. W. Stuart (Charlotte): Mr. Speaker, I should like to direct a question to the Minister of National Health and Welfare arising out of a recent press and radio report. Has the hon. member for Broadview (Mr. Hees) been recommended to the Prime Minister and the members of the cabinet as a medical adviser?

Hon. Paul Martin (Minister of National Health and Welfare): Mr. Speaker, my hon. friend did not give me notice of his intention to ask that question but I do not think I require much notice. In view of the importance of the question, however, I would want to give it further consideration.

AGRICULTURE

ONTARIO—REQUEST FOR CROP INSURANCE

On the orders of the day:

Mr. W. M. Howe (Wellington-Huron): Mr. Speaker, I should like to direct a question to the Minister of Agriculture or, in his absence, to his parliamentary assistant. In view of the loss experienced by farmers of Ontario owing to late seeding and of the present difficulty experienced by them in haying and harvesting operations, all caused by wet, backward weather, is the government considering some type of crop insurance similar to that operating in the western provinces under the Prairie Farm Assistance Act?

Mr. Robert McCubbin (Parliamentary Assistant to the Minister of Agriculture): Mr. Speaker, I can assure the hon. member for Wellington-Huron that all these matters are taken into consideration. If the provincial government will discuss the matter with us, we will see what we can do with respect to it.

TAXATION

MEASURE TO PROVIDE FOR AGREEMENTS WITH PROVINCES

Hon. W. E. Harris (Minister of Finance) moved the second reading of Bill No. 442, to authorize the Minister of Finance to make payments to the governments of the provinces and to authorize the government of Canada to enter into fiscal agreements with the governments of the provinces.

Mr. Fleming: Mr. Speaker, is it the intention of the minister to make a statement on the motion?

Mr. Harris: Mr. Speaker, I spoke twice at the resolution stage, on one occasion at considerable length, I think, or at greater length

than I usually speak. Having in mind my earnest request to hon. members opposite that, if possible, they might find it desirable to state their party position with fewer speakers than has been the custom up to the present time, I feel that I should not speak now but I shall probably wind up the debate.

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, we are now dealing with the motion of the Minister of Finance (Mr. Harris) that Bill No. 442 be read the second time. In reference to the entire proposal of the dominion government as contained in the bill, our position was stated by the Leader of the Opposition (Mr. Drew) at the resolution stage on July 16. That resolution was passed on division. The house is now asked to carry into legislative form and effect the formula which was the essence of the federal government's proposals. We are asked to do so with full knowledge that no provincial government has yet given its approval to those proposals and indeed with full knowledge that there has been widespread disapproval of the government's proposals on the ground of their inadequacy. I therefore say, Mr. Speaker, that the effect of reading this bill the second time would be, as I understand it, to give effect to a principle that the formula contained in the bill is adequate and ought to be adopted.

The question that we ought to ask ourselves is similar to that which my leader put before the house when he spoke a week ago. To paraphrase it, I would say the question before us is whether or not at this time there is evidence that the proposals of the government, and in particular this formula, will satisfactorily meet the demands which are actually now imposed upon provincial governments, municipal councils and boards of education throughout Canada and particularly whether they will be adequate over the five-year period during which the new scheme is intended to be in effect.

I point out at the outset, sir, that this is enabling legislation. If it is adopted, it will vest very wide powers in the Minister of Finance, and the powers vested in him include the power to legislate in the form of regulations.

As to the details of the formula, suffice it to say at this point that it is an actuarial maze to most people. The formula itself would undoubtedly confuse most citizens. Talk of tax equalization payments, provincial revenue stabilization payments, tax rental agreements, gross national product, average personal income, and other expressions in which this formula abounds make it very difficult for the average citizen to appreciate the niceties of the formula. Indeed, it would be interesting, particularly in the light of the fact that no Liberal member spoke on the resolution, except the Minister of Finance, to put some of them to a test on the grasp of the details of this formula which they are now asked to approve. Every citizen, however, is interested in the result.

I propose to look at this formula in terms of the results that will follow from its adoption in legislative form. Surely, that is a fair test. Let us then put the new proposed formula in its proper perspective. It is estimated by the government that it would make available to the provinces in return for certain forms of revenue now constitutionally open to the provinces to collect on their own behalf a total this year of $653 million, which represents an increase of $115 million or 20 per cent over the sums that would have been paid to all provinces under the type of agreement now in effect if all the provinces were parties to it this year. It is evident at once that, so far as the provinces themselves are concerned, the new formula, in relation to the scheme which has been in effect for the past nine years, does represent an improvement. It is better. But, sir, we must go farther and ask ourselves if it is good enough, good enough today and good enough to be carried into legislative effect for the full period of five years commencing in the spring of 1957.

The problem, as everyone knows, arises from the fact that there are certain fields of taxation which under our constitutional division of responsibilities are common to both the dominion and provincial fields. If we look at the constitution with regard for the history of the intervening 89 years we must recognize at once, as fairminded men and women, that the provinces in these common fields of taxation have at least equal rights with the dominion.

Indeed, there have been times when it was argued that, because the provincial authorities were confined to taxation in its direct form, there was a constitutional priority created in their favour in that field. But at any rate, sir, whatever may be the validity of that argument, it is undeniable that constitutionally the provinces have at least an equal right and an equal status with the dominion in the fields of direct taxation.

Historically the provinces have claimed a priority because they were the first to occupy those fields.

Mr. Pickersgill: That is not correct.

Mr. Fleming: Well, the statement of the Minister of Citizenship and Immigration can not change the facts.

Mr. Pickersgill: No, but the facts are—

Mr. Fleming: The facts are these, that the provinces were in those fields. When did the dominion go into the field of direct personal taxation? It came in in 1917.

Mr. Pickersgill: When did Ontario—

Mr. Fleming: And when it did it came in with the assurances given by the then minister of finance that this entry into the field of direct taxation—of course, the personal and corporation income tax—was to be for the duration of the war only.

Mr. Harris: That was his hope and expectation.

Mr. Fleming: And the name given to that act was the Income War Tax Act.

Mr. Pickersgill: Will the hon. gentleman say when Ontario—

Some hon. Members: Sit down.

Mr. Pickersgill: Could I ask the hon. gentleman a question?

Mr. Fleming: If the hon. member will sit down he will have an answer. I am dealing with the point raised and if he will refrain from further interruptions I think he will receive his answer.

Mr. Pickersgill: We will see.

Mr. Fleming: The federal government gave that statement at the time in 1917. I have drawn attention to the fact that the name given to the act indicated that it was a temporary entry, and that name survived the revision of the statutes in 1927. It was only in 1948 that a new measure was brought in bearing the name of the Income Tax Act to replace the old Income War Tax Act, and recognized that the federal government is in the field of income taxation to stay.

And, sir, look at the field of succession duties. The federal government entered this field during wartime, only in the year 1941. The provinces had been in this field and in the other fields long prior to that time.

At any rate, sir, we have this position, that constitutionally the provinces have at least an equal right in the field of direct taxation and historically they were the first to occupy it.

Mr. Pickersgill: Mr. Speaker, the hon. gentleman has not answered my question.

Mr. Fleming: I would make this statement in conclusion.

Mr. Pickersgill: May I ask the hon. gentleman a question now?

Mr. Fleming: Perhaps the hon. member would be good enough to let me make my concluding remark. The dominion has no priority in these fields. Let it be made perfectly clear and categorical that in these fields of direct taxation with which we are concerned in this measure, the personal income tax, the corporation tax and the succession duty, the federal government has no priority.

Mr. Harris: Has anyone asserted that it has?

Mr. Pickersgill: No one has ever asserted it.

Mr. Fleming: I will be glad to have the question of the Minister of Citizenship and Immigration now.

Mr. Pickersgill: The question I should like the hon. gentleman to answer is this. In what year did Ontario and in what year did Quebec first impose personal income tax? Let us settle this question of history.

Mr. Fleming: The answer, so far as Ontario is concerned, to the self-satisfied grinning Minister of Citizenship and Immigration, is this, that the Ontario legislature had enacted a corporation tax before—

Mr. Pickersgill: I asked about personal income tax.

Mr. Fleming: Will the minister sit down and wait for his answer.

Mr. Pickersgill: The hon. member is evading my question.

Mr. Fleming: The minister is bobbing up all the time and he cannot wait for his answers.

Mr. Rowe: Make a speech later yourself.

Mr. Fleming: If the minister wishes to make his speech let him rise and make it like a man at the proper time and refrain from his endless, everlasting and senseless interruptions. I am trying to answer the hon. gentleman's question and if he will remain quietly in his seat without interrupting when I am half way through he will receive an answer.

The Ontario legislature clothed the municipalities of Ontario with the right to levy a personal corporation tax before the federal authority entered this field. Thus the field had been occupied by the provinces.

So far as the province of Quebec is concerned, I have not the answer here, but as the minister appears to lack it I shall be glad to obtain it for him.

Mr. Pickersgill: What I would like to know is, what is a personal corporation tax?

Mr. Fleming: When this field is entered into or when negotiations are entered upon with a view to arriving at understandings or divisions of the fields of taxation between the dominion and the provincial authorities, let us remember, as the dominion

government is prone to forget, that the provinces are in those fields not by leave of anyone; they are there as of right. It is their constitutional right. When there are suggestions from the dominion government about allowing the provinces to occupy some of this field, referring to that as a concession, we have a measure, Mr. Speaker, of the error in the federal government's thinking.

Now, sir, the first subject I think we should refer to in assessing the adequacy of the formula proposed in this bill is what has been the answer of the premiers of the ten provinces of Canada. They are the spokesmen not merely for the provincial governments; they must constitutionally be the spokesmen for thousands of municipalities in this country as well. They have this problem to wrestle with all the time, the problem of inadequate revenues and expanding responsibilities. Every provincial government in Canada has it and every municipal government I have ever heard of has it as well.

What then do these spokesmen for the provincial and municipal levels of government have to say about the federal government's formula? Well, there is not one province that has given approval to the federal government's formula.

Mr. Pickersgill: That is not true either.

Mr. Fleming: There is not one province that has said this provision is adequate. Indeed, there have been provincial premiers who have drawn attention to the fact that the formula now presented in the present bill is almost identical with the formula originally presented last year. There are only two modest changes made in it, an increase from 8½ per cent to 9 per cent in the permissible corporation tax levy deduction and then permission, as it was put,—or allowance; I think "allow" was the word the Minister of Finance used in speaking a week ago today—allowing the provinces to enter into the field of taxing insurance premiums, which is a small matter in relation to the total amounts under discussion.

Mr. Harris: They are allowed to enter by reason of our withdrawal from the field.

Mr. Fleming: That is a cute way of putting it, I must say. The fact is that the minister used the word "allow". It was a condescending sort of permission given by the federal government to these provinces to enter fields which they are constitutionally as much entitled to occupy as is the federal government.

Mr. Harris: They can occupy them.

Mr. Fleming: And indeed, there have been denunciations on all sides about the rigid take-it-or-leave-it attitude adopted by the federal government with reference to its formula.

Sir, there have been premiers who have said that so far as the so-called conference this year was concerned it was really no conference at all. Some of the premiers were called here in the midst of sessions of the provincial legislatures. They absented themselves from them or those sessions were suspended in order that the premiers might attend the conference and all they were faced with was the rigid take-it-or-leave-it attitude of this government. I wish to say at once, sir, that while there are federal rights and interests that must be protected and safeguarded—no one denies that—nevertheless this rigid and inflexible, this hard take-it-or-leave-it attitude, is foreign to the spirit of confederation, and there has been altogether too much of that rigidity and inflexibility in the attitude of this government all through the years during which the problem of dominion-provincial fiscal relations has occupied the attention of all those governing the dominion and the provinces. So it was amazing indeed to hear the Minister of Finance a week ago today say in the most cooing terms in reference to the treatment of the provinces that "we have not reached and would not expect to reach unanimity of agreement on the proper division of these tax fields." What an impressive statement, indeed what a monstrous understatement of the facts in the light of the statements which provincial premiers have made about the inadequacy of this present federal formula!

We do not plead that the provincial governments have any absolute veto in regard to federal proposals, but the unanimity of the attitude and expressions of the premiers speaking for all the provinces and all the municipalities in Canada must be deeply impressive to anyone who approaches this problem with a desire to see a sensible Canadian solution found.

Mr. Pickersgill: There was no unanimity.

Mr. Fleming: There goes the babbling Minister of Citizenship and Immigration who is physically incapable of restraining that tongue of his. If he wishes to speak, let him rise like a man in the ordinary course in debate and make his speech and not be throwing in these twitterings.

Mr. Pickersgill: Just—

Mr. Fleming: He is still at it; he just cannot stop doing it because he has absolutely no control.

Mr. Pickersgill: Stick to the facts.

Mr. Fleming: He is still at it; he cannot help it. I suppose we should feel sorry for him and deal with him rather in pity and sorrow than in anger. I do not deal with him in anger at all. I deal with him in very good humour.

If there had been any question at all about the attitude of the provinces I am sure it was more than eloquently evidenced by the outcome of at least three provincial elections which occurred recently in Quebec, New Brunswick and Saskatchewan. There certainly is no approval found in the results of those provincial elections for this federal formula or the high-handed and hard attitude taken by the federal government in its approach to the problem of dominion-provincial fiscal relations.

As the Minister of Finance (Mr. Harris) seems to have forgotten and as the Minister of Citizenship and Immigration (Mr. Pickersgill) seems never to have known what the provincial premiers have said about this federal formula, let me remind the house of some of the statements which these premiers have made from time to time. Here is a press statement of January 31, 1956 quoting Premier Hugh John Flemming of New Brunswick as saying that the January 1956 proposals:

> . . . come as a disappointing culmination of a now long series of meetings and submissions of various kinds rising eventually to the level of a federal-provincial conference.

He went on to say:

> No consideration is being given to our special needs and responsibilities at this time in our history.

Mr. Duplessis is quoted in the following month as having said:

> Just as long as the people in Ottawa insist on trying to make the people believe that they are doing the provinces a favour and that they are making a gift to the people of Quebec, then relations between Quebec and Ottawa will remain as they were.

Mr. Duplessis went on to say that the whole question is bigger than dollars and cents.

Premier Frost of Ontario was quoted at that time as saying:

> —we feel strongly that a formula that provides a special payment to all provinces except Ontario fails to meet the special needs of this province.

Premier Bennett of British Columbia is quoted as saying:

> In so far as they apply to a province like British Columbia which is not dependent on fiscal subsidies, is experiencing an unprecedented growth and requires a greater allocation from the cultivation of income tax fields to keep pace with a development which apart from its provincial worth will yield vast returns to the nation.

Mr. Harris: Why do you not quote the other sentence he used?

[Mr. Pickersgill.]

Mr. Fleming: The minister may quote Premier Bennett as much as he wishes, but I doubt if he will derive much comfort from that.

Then Premier Campbell of Manitoba is quoted as saying:

> However Manitoba was still disappointed that so little attention had been paid to the question of the actual financial requirements faced by the provincial governments in the next few years.

And again:

> It is our recommendation that before any new pattern in federal-provincial relations is adopted a thorough reassessment of the relative responsibilities and revenue sources of the various governments in Canada should be undertaken.

That is the Liberal premier of Manitoba speaking about the formula that this house is asked to approve today.

Then in March Premier Frost of Ontario dealt with the proposal of the federal government as a take-it-or-leave-it proposal. Speaking of the federal government he had this to say, which I am sure will be recalled:

> They were wrong in 1945, they were wrong in 1952 and they are wrong today, and they will find out how wrong they are in about five years when they come face to face with the realization that today's lack of foresight will bring this country to the brink of economic disaster.

Those are very serious words. Then concerning the one-day re-convened conference of that time he had this to say:

> I have never seen a dominion-provincial gathering which had less purpose than the one which ended today at four-thirty.

I would remind the house that the provincial premiers left important responsibilities at home in their legislatures in order to attend that conference.

It is not amiss to recall that the voice of Nova Scotia was heard. Speaking in January, the then premier of Nova Scotia, now Senator Connolly, is reported as saying:

> So few people in Canada are aware of what really is involved in these tax-freezing agreements. This is the greatest jackpot, the greatest distribuiton of wealth in our history.

Later on he said that since the provinces are reluctant to impose their own taxes on the people they must continue to forfeit by agreement their tax rights and eventually, especially if national health insurance comes in, may yield these rights altogether and make Canada a unitary state.

Those are serious words.

Mr. Garson: Do you approve of them?

Mr. Fleming: I think those words ought to be very carefully weighed by the government which has adopted such a high-handed, rigid and inflexible attitude.

Mr. Garson: Do you approve of them?

Mr. Fleming: These provincial premiers have stated in so far as the provisions of this bill before us are concerned—

Mr. Harris: May I ask a question? Is the hon. member saying that he disagrees with what Senator Connolly said or is it a question of the amount which the provinces get or a question of the surrender of their autonomy?

Mr. Fleming: Both questions are involved and always have been. There is no secret about that. Those questions have always been involved. In the present case we say, as we have always said, that the federal government has not given proper recognition to the constitutional position of the provinces, and in reference to common fields of taxation, where the federal government has made proposals, it has done so without regard for the constitutional position of the provinces or the needs and burdens of those provinces.

The premiers of the four Atlantic provinces have met recently. Just a fortnight ago the premiers of these four Atlantic provinces assembled at Fredericton, and out of their meeting came a demand on the part of the spokesmen of those four provinces for a recognition of the fiscal position of those provinces, which this federal government has not yet at any time given to them. They demanded assistance in the development of natural resources, and to Premier Smallwood of Newfoundland is attributed in the press statement this expression of his views:

> As an example of the profit which goes from provincial development to the national government, Premier Smallwood cited the Labrador share of the Ungava iron ore development. A project which cost Ottawa nothing, he said, would eventually provide $100 million a year in revenue. Newfoundland would gain only $1 million a year in increased revenue.

Where do the other $99 million go? They go to the federal government, this government which persists in saying that it will not depart by the dotting of an "i" or the crossing of a "t" from the formula that it has put forward and on which it has taken this senseless "take-it-or-leave-it" attitude.

Mr. Pickersgill: May I ask the hon. member a question?

Mr. Fleming: I suppose we might as well have it.

Mr. Pickersgill: Will the hon. gentleman quote what the premier of Newfoundland said about this proposal on the day of that one-day conference? It has been made public, and he will find Mr. Smallwood accepted it.

Mr. Fleming: I do not happen to have it at the moment, but if the minister has it and wants to read it he will have his opportunity in the debate if he adheres to the rules of the house and makes his own speech for a change.

Mr. Pickersgill: I accept the rulings of the Chair.

Mr. Fleming: It is about time he did, because no one has deviated from them as often as the Minister of Citizenship and Immigration. He has broken every one and he has bent every one almost beyond recognition, and he smugly snickers about them all the time because he thinks it smart to do so and get away with it.

I have dealt with the attitude taken by the provincial premiers as spokemen for the provincial and municipal governments in this country. I now ask the question, is the unanimous attitude taken by the provincial premiers—

Mr. Pickersgill: It is not unanimous.

Mr. Fleming: Is it reasonable?

Mr. Rowe: The minister says it is not unanimous.

Mr. Fleming: If the minister says so, that does not change the facts. The fact is that there is not one provincial premier in this country who has expressed approval of this formula.

Mr. Pickersgill: That is not true. The premier of Newfoundland has.

Mr. Fleming: Mr. Speaker, are we to have any order?

Mr. Speaker: May I ask the Minister of Citizenship and Immigration not to ask any questions unless the member who has the floor accedes to his request, and not to interrupt the member while he is speaking.

Mr. Fleming: Questions are one thing, but these statements smuggled into the speech of the member who has the floor are another.

Some hon. Members: Oh.

An hon. Member: He is spoiling your speech.

Mr. Fleming: I should hate to think my speech is so bad that it could be spoiled by senseless and inane interjections by the Minister of Citizenship and Immigration.

Mr. Pickersgill: What I said was true.

Mr. Fleming: He cannot hold himself. I suppose we should feel sorry for a man who cannot stop that tongue wagging.

As I said, having dealt with the position taken in public statements by the provincial premiers, I come now to ask the question, is the attitude that the provincial premiers have taken reasonable? We have to ask ourselves the question, in weighing this issue, whether

we are entitled to overlook the position taken by these provincial premiers and blandly and blindly legislate this formula into statutory effect.

Let no one underestimate the importance of the provinces and municipalities in the field of government of this country. They are the governments that are closest to the people. Anyone who has had experience of municipal government and has entered the federal field is well aware of the fact that is the form of government that is closest to the people. It is a form of government much older than our federal form of government in this country.

Today Canada is facing a period of very rapid development. We have talked freely in this house about the rapidity of the development of resources in this country today. The development of all the resources of this country except those in the territories is constitutionally vested in the provincial jurisdiction, and it is relatively little help that the provinces are receiving from the federal government in the form of conservation of resources or other forms.

New enterprises are created by individual effort and initiative, and then what happens? What is the result on governmental responsibilities and revenues? Let us take an example or two. When a new mine is opened up and development begins, the first thing that is called for is the construction of roads into the mine and the provision of the other services which in unorganized portions of the province are the responsibility of the provincial government. Then, when staff comes in and the little community is established, what is the form of government that then must assume the burdens? It is the municipal form of government. The demand at once is made for the construction of streets, and the provision of schools, police and fire protection, health and welfare services and municipal administration. The cost of every one of these municipal services, all of which are demanded by the people, is rising in astronomical proportions at all times.

But what is the government that derives the first revenue from this new enterprise? I say to you, sir, it is the federal government. The first time a pay cheque is given by that enterprise to an employee, the federal government steps in to receive its first cut on the first pay cheque.

The figures that I ascribed to Premier Smallwood in the extract that I read from his statement indicate the tremendous benefit that the federal government derives in respect of revenues from the development of new enterprises. But it is only at a later stage that the municipal and provincial governments begin to derive their revenue benefits.

[Mr. Fleming.]

In the meantime the burden of providing the services that are required in that particular municipality falls on the municipal government and also on the provincial government.

Take another example: the construction of a new industry in a town or a city. On whom does the burden fall of providing the services that are required for such an industry and for the employees of that industry? It is the municipal government. The first burden falls on the municipality. But what level of government derives the first revenue benefit? Again it is the federal government. Out of the first pay cheque comes the federal cut.

There is a situation which must be recognized and, in my respectful submission, has not been recognized by the federal government in its relations with the provincial premiers. Sir, Mr. Harvey Perry, director of the Canadian Tax Foundation, has summed that situation up in these words:

> Given peace and prosperity the provinces and municipalities will henceforth bear the brunt of the cost of providing expanded government services and facilities for a rapidly growing country, whereas their revenue sources, being less elastic, will rise more slowly than those of the federal government. It is also becoming clear that barring war and depression the relative needs of the federal government for revenue to support functions in its own sphere will decline in the foreseeable future whereas the federal treasury is the one that will reap the greatest share of the benefit from an expanding economy.

If you want any further example of what an increase in population in an expanding municipality means, just take the experience of the city of Edmonton. In the brief it recently submitted to the Gordon royal commission it gave the estimate that if an increase of 175,000 takes place in the city's population over the next quarter century it will be necessary to construct 500 miles of streets and sidewalks and 450 miles of sewers and water mains and to connect 180,000 utility services of all kinds. The brief pointed out that 1,100 schoolrooms and 3,200 hospital beds will have to be provided for this increase in the population. The brief concluded:

> Such a program suggests expenditures in the nature of $300 million over the next 25 years for schools, hospitals and general capital requirements.

Sir, statements of that kind are entitled to be taken with the greatest gravity. When there is talk about "rich provinces" people usually think in terms of the stage of development that a province has reached in regard to its resources, but here in a debate of this kind what we must concern ourselves with is the burden cast on all such provinces as well as those that are not classed in that category, the burdens that are increasing so rapidly with the pace of development of resources.

A word now about the outlook of the provinces and municipalities in relation to their revenues and fiscal future. The proportion of the tax dollar that is going to the three levels of government is always a fruitful source for study. In 1939 the dominion collected 47 cents out of the total tax dollar in this country. In 1955 it collected 68 cents. In 1939 the provinces collected 23 cents out of the Canadian tax dollar, and in 1955 the provinces combined collected only 17 cents of that dollar.

Mr. Harris: You have not taken into account the transfer payments.

Mr. Fleming: We are speaking now of the revenues collected by the provinces in relation to the tax dollar paid by the taxpayer.

Mr. Harris: But you have not credited the provinces or municipalities with the transfer payments made by the federal to the provincial governments.

Mr. Fleming: The minister speaks of the payments transferred to the provinces and by the provinces to the municipalities. We are dealing now with the tax dollar collected by the three levels of government. In 1939 the municipalities' share of the tax dollar was 31 cents. In 1955 it was only 15 cents out of that tax dollar.

What of the burdens of the municipalities and the provinces all this time? Current expenditures of provincial governments have increased very substantially in the post-war period. Total current expenditure, excluding provision for tax repayment, increased from $402 million in the fiscal year 1946-47 to $1,261 million in the fiscal year 1955-56. Almost every category of provincial expenditure has greatly increased. Between the fiscal years 1946 and 1955 total current expenditure of provincial governments increased 98·6 per cent, while Canada's population increased only by 26·9 per cent. Highway expenditures increased 154·9 per cent. Public welfare and relief expenditures increased 123·8 per cent, and education 102·8 per cent. In other words, sir, the provinces are being called upon today to provide services which are thrice as expensive as the services provided in 1946.

The Minister of Citizenship and Immigration asked for some enlightenment on the position of the province of Newfoundland. Well, I am glad to give him that needed information. In the brief it submitted to the Gordon royal commission the government of Newfoundland stated that its road program would necessitate an expenditure of at least $5 million annually on capital account, that water and sewerage systems would involve $1 million annually, and schools and hospitals at least $1,500,000 each year for the next 25 years. The brief went on to stress how much below the general level of services those of the province of Newfoundland are compared with those prevailing in other provinces. In discussing the financing of necessary expenditures the brief concluded that the province's "ability to provide the means both for overcoming the present deficiency in social capital and meeting the requirements of prospective growth is very limited." Then the province asked the federal government for substantially increased grants for highway construction and other purposes.

What of the position of the provinces and municipalities in regard to capital expenditure, because every member of the house knows that necessary capital expenditures were deferred during the war by provinces and municipalities and that a tremendous backlog had accumulated by the beginning of the post-war period? The trend in post-war capital spending by both provincial and municipal governments has been sharply upward. In 1946 total capital expenditures of provincial and municipal governments and their agencies amounted to $276 million, representing an increase of more than 80 per cent over the previous year. Since that time every province's capital expenditures have increased many times over, from $138 million in 1946 to $677 million in 1955. Municipal capital expenditures, although rising somewhat less than those of provincial governments, had increased by 1955 to more than four times the 1946 level, from $138 million in the earlier year to $546 million in 1955. While it may not be possible for the provincial and municipal authorities to carry out their total planned capital spending for 1956, there can be little doubt that these expenditures will be higher than in 1955. Provincial governments and their agencies have announced the intention of spending $941 million on capital account in 1956, and municipal governments $603 million.

I turn now to current municipal expenditures. Here we will see that on current expenditure the burden on the municipalities rose from $348 million in 1946 to $873 million in 1955. In the latter year education accounted for 32·7 per cent of the total, general administration, including police and fire protection, 31 per cent, public welfare 14·5 per cent, highways, roads and streets 14·7 per cent, and debt charges, excluding debt repayment, 7·1 per cent.

Every hon. member here knows well the situation with respect to his own municipality. I intend to mention only three in particular before passing on to another subject. In its brief to the Gordon royal commission the city of Montreal, Canada's most populous city,

stated that the volume of municipal investment presently necessary, and which the city considers should already have been undertaken to make up deficiencies accumulated since 1934, totals $503,300,000. Included in this huge sum are waterworks, $40,300,000; collector sewers, $33 million; local improvements, $17,500,000; parks and playgrounds, $40 million. A substantial part of the total backlog involves expenditures necessary to relieve traffic bottlenecks in the city: expressways, $147 million; subway, $87 million; parking, $10 million; tunnels or bridges to the south shore of the St. Lawrence river, $60 million.

Or look at the city of Quebec, Mr. Speaker. In its brief to the Gordon royal commission it said:

> Whereas our budget is $12,700,000, including school costs, some cities with approximately the same population (225,000) have at their disposal a budget varying between $15 million and $20 million. As you can see, the margin is a substantial one. The present situation leaves us no alternative but to reduce expenditures more and more, while putting off urgent works until a later date. We cannot act otherwise under the present circumstances without further weakening the financial structure of our city and the economic well-being of its citizens.

The last example I have taken is the city of Halifax which in its brief expressed grave fears that it would be unable to raise the required revenue in future years because of its limited real property tax base. Other municipalities submitted briefs to the same effect, my own city of Toronto among them, drawing attention to the prodigious burden laid upon the metropolitan area by the need for providing new school facilities, new transportation, water, sewerage and other new works required.

Mr. Speaker, education must have a special word of mention because education affects all the municipalities across the country and is today faced with a situation that can only properly be described as critical. As a result of increase in the birth rate and increase in immigration the school population has been rapidly enlarged. The cost of providing school facilities becomes greater all the time. The pressure on existing school facilities has now become so acute that in many schools the facilities are admittedly hopelessly inadequate, either in point of quality or physical extent, to provide for the growing school population. In many schools the children are simply being taken in relays, with all the strains that this imposes on staff and upon administrative machinery and all facilities.

The Minister of Finance and the government have been often urged in this house to recognize the fact that the sources of revenue open to the municipalities and to the provinces are inadequate to provide for the expanding cost of education, as things stand today. In approaching this present renewal of fiscal arrangements between the dominion and the provinces, the Minister of Finance had a golden opportunity to recognize that inescapable fact and to do something to meet it; but, Mr. Speaker, as things stand at the moment, he has thrown away that opportunity. The increase that is offered in the new formula over the amount provided by the existing agreements cannot be pretended by anyone to meet the needs of the provinces and of the municipalities in relation to education. There is in this country no governmental function more important than education. The benefits of education are not confined locally in the municipality or even the province. For example those excellent universities in the maritime provinces which are educating so many in proportion to the population there are doing so not just for the benefit of the maritime provinces. The benefits of the excellent university education available in the maritimes are transmitted throughout the whole of this country as the graduates go elsewhere, as do many of them.

Student enrolment is bound to increase in this country by leaps and bounds at all levels of our educational system. University enrolment in Canada is expected to rise from 66,000 to somewhere between 110,600 and 135,200 by the fall of 1964. In Ontario it will jump from 20,400 last year to 42,700 in the same period. The median of the all-Canada projection is 123,000, an increase of 57,000 over the present, and that is just by the year 1964. In Ontario alone the increase will be 22,000; that is, 40 per cent of the Canadian increase will occur in the province of Ontario.

By and large, I think the provinces have done all they can to assist the municipalities. Indeed, in his comment of July 18, Premier Frost had this to say:

> Education in its primary, secondary, vocational and university phases has added immense burdens, and we have by no means even begun to feel the full weight of the problem. As a province we are not static and our problems continue to grow. Today we have a school population in primary and secondary schools of approximately one million. This population has been built up since the beginning of this province. But the next 10 years alone will see 750,000 children added to this enrolment.

That is an increase of 75 per cent in the next ten-year period. It is a staggering increase and the cost of providing educational facilities for that staggering increase in the school population will be literally colossal. I am sure I do not need to detain the house with more figures in this field.

The plight of the municipalities is desperate. I think the provinces have done all that lies within their power to help the municipalities. In Ontario grants to the municipalities in the last twelve years have risen from $18 million to $185 millions and 45 per cent of all provincial government revenue now goes to the municipalities from the provincial treasury. But it remains a fact that 84 per cent of all municipal revenue comes from the direct levy on real estate which has now become virtually a capital levy and is crushing in the burden it casts upon the home owner.

Mr. Speaker, I leave this subject with this observation. Provincial burdens are bound to increase. Municipal burdens are bound to increase. One could cite many examples of that fact.

I now wish to say a word—and I shall not be long—about the attitude of the dominion government. During the war practically everybody accepted the necessity of centralization. It was done to meet a crisis and legislative jurisdiction was concentrated at Ottawa to an unprecedented degree. Similarly, the tax-collecting functions of government were concentrated to an unparalleled extent here at Ottawa. But much of the mentality that pervaded the federal government's thinking in those war years has been carried into the years of peace. I should be the first to concede that the federal government has assumed increased burdens in this post-war period. But I do say that this increased burden which the federal government is wont to parade has not been commensurate with the increase in its revenues from these common sources of taxation. The camel got its head into the tent, and instead of being content to share the tent with the former occupant has been busy trying to push the camel driver out.

In the present measure, the extent to which the federal government will permit the occupation of these joint fields by the provinces with the dominion, without the unhappy incident of double taxation, is just 9 percentage points out of 47 percentage points that the federal government levies on the taxable income of corporations and just 10 per cent out of the levy on personal income tax and one-half of the succession duties. The way in which the federal government has proceeded through this take-it-or-leave-it attitude indicates they are now proceeding to the next stage in their tactics of divide and conquer. They applied that method in 1946 and 1947 and later, first of all on the provinces with weaker fiscal positions. Their approach, if they repeat these tactics of divide and conquer, in that way will be inimical to national unity. I warn the government of the consequences, though they do not seem to care.

What needs to be done at the outset as a preliminary necessity is that the federal government should recognize the constitutional position of the provinces, but they have not shown a disposition to do so. Sir Wilfrid Laurier, who does not seem to be listened to any more by hon. members opposite, long ago drew attention to the dangers of separating the responsibilities of tax collection from tax expenditure. He said that would always lead to extravagance. The late Mr. Mackenzie King, in 1945, had something similar to say to those hon. members opposite who have not completely forgotten him. He said:

> There will, however, be no solution of existing problems which involve financial outlays so long as one government or agency is the taxing agency and another government or agency is the spending agency. In other words we must return as regards our revenues and expenditures as in all else to responsible government in the fullest meaning of that term, whereby the governments that spend public moneys must be the governments which through the agency of taxation raise what is to be spent.

Mr. Harris: Would you mind giving me the reference?

Mr. Fleming: That language, as I understand it, does not preclude the entering into of an understanding between the federal and provincial authorities. I am not suggesting that the language is intended to go that far. But I do draw attention to this. We are not going to have a return to what may fairly be called responsible government unless there is an adequate recognition on the part of the federal government of the constitutional position of the provinces, the heavy burdens and the need for adequate revenues for the provinces and municipalities to discharge these heavy burdens of expenditure.

Mr. Harris: I should like the reference to Mr. Mackenzie King's remarks.

Mr. Fleming: That was in 1935 at the dominion-provincial conference.

Mr. Harris: There was not one in 1935, as I recall it; or was there?

Mr. Fleming: It was in 1935.

With the recognition of financial responsibilities and the need of revenues to meet them, let the federal government adequately recognize that these fields of common taxation are those that the provinces and the municipalities must depend upon to sustain the revenues or provide the revenues they need to discharge their responsibilities. They do not possess the unlimited sources of revenue that the federal government has.

Now, sir, I come to this concluding observation. I think this formula ought to be judged by the results which it will create. The provisions that will accrue to the provinces from the three features of the formula are inadequate. A new conference between the federal and provincial governments is altogether desirable, if the federal government will not go to such a conference with the same attitude as it went to the conference in 1955 and 1956. There is no use, of course, in having a conference if the federal government is simply going to continue to take this rigid, inflexible, take-it-or-leave-it attitude. On the other hand, if the federal government will give adequate recognition to the constitutional position and the needs of the provinces, and will genuinely seek an understanding to meet their needs, then a new conference should be called.

There is no use, so far as Her Majesty's loyal opposition is concerned, asking us to approve a form of dominion-provincial fiscal arrangement which has not received the approval of a single provincial government. If there could be, on the part of the federal government, a change of attitude, and after that change in attitude they will call a new conference, then fruitful results I am certain could be achieved. It would necessitate a fall session of parliament. We would be quite happy to see a fall session in order to achieve this praiseworthy object. We realize that these agreements are going to run out at the end of the present fiscal year, March 31, 1957 and therefore the legislation, to allow adequate planning by all governments concerned, must be passed this year, 1956. We are quite prepared, if the federal government will follow the course we have urged, to come back if necessary for a fall session. But we say that the provision made by this measure for the provinces is inadequate.

If hon. members opposite ask me what our position is I can say to them that we would do more for the provinces than the federal government has shown it is willing to do in this measure. We believe the federal government can do more and can afford to do more.

Let there be no question about our position in reference to other features of this matter of federal-provincial fiscal relations. We recognize completely the principle of equalization grants, sharing the revenues which if the federal government were not in this field would accrue simply to the provinces. We recognize the claim of the provinces in a weaker financial position; we certainly do. So far as we are concerned that recognition is axiomatic, basic and fundamental in our approach to this subject.

[Mr. Fleming.]

We look upon provinces like the maritimes, which have not the hinterland territory and undeveloped resources, broadly speaking, that are available to most of the other provinces. We say that account must be taken of those differences in the prospects for future development. Those provinces such as the maritimes—and I am not confining this to the maritimes—in a weaker financial position have been neglected by this government far too long.

I say again the provisions made by this formula, which is the only one that this government is prepared to put forward or agree to, will result in either double taxation, the imposition of new or increased sales taxes, bankruptcy or stagnation or, as the former premier of Nova Scotia warned, in a unitary state. So far as we of Her Majesty's Loyal Opposition are concerned, sir, we do not wish to see any of these things happen. We believe we have ample warnings from competent provincial sources of the dangers of these results flowing from a continuance of the adamantine attitude of the government opposite in these matters. Benefit will accrue, as it always has accrued, to the dominion and to the federal treasury from strong provincial fiscal positions.

If hon. members are to be told now that the way for the provinces to meet their crushing needs is to go out and levy additional taxes in these fields of direct taxation and in that way create double taxation, I remind hon. members that it is the same taxpayer who will be paying these increased taxes and the plight of the taxpayer in his aggregate burdens is something concerning which we have reminded this government on more than one occasion.

The Minister of Finance knows that he is headed for a huge surplus in this fiscal year; that surplus may run from half a billion dollars to a larger figure, if the government does not dissipate it in extravagance or if it does not hide it, as it has done in other years, by putting great sums of money into various pockets of the government exchequer.

The government apparently has decided that it prefers that the provinces and the municipalities be starved, that they should be compelled to remain in a financial straitjacket, in order that the federal government may put on a grandstand show next spring and use tax reductions following this enormous budget surplus as election bait.

Mr. Harris: Would you oppose it?

Mr. Fleming: I ask the government to take a responsible attitude in this matter and recognize the imperative needs of the provincial and municipal governments. This

formula is at best a makeshift; it is no solution of the problem. What is needed is a government with a realistic and sympathetic appreciation of the responsibilities and burdens and problems of the provinces and a wholesome respect for the constitutional position of the provinces and the constitutional rights they possess, as well as responsibilities they bear.

The Minister of Finance in speaking a week ago today said that times and men change. Well, we hope that the men opposite who are responsible for conducting negotiations with the premiers of the provinces can change. If they cannot change, then in the fullness of time, or when the electorate is given an opportunity, there will be an opportunity to change the men; but I do urge with all seriousness upon hon. members opposite that while they hold the responsibility—and I am not discounting the weight of the responsibility that rests upon them—they do take a far broader, far more realistic attitude toward the burdens of the provinces and municipalities and a much more imaginative approach to the need for finding a solution.

Therefore, sir, apart from all other considerations, some of which I have mentioned, I give this house in conclusion ten reasons why, because of its utter inadequacy, we of Her Majesty's Loyal Opposition cannot support this bill and why we shall on second reading vote against it:

First, it makes inadequate provision for Prince Edward Island; second, it makes inadequate provision for Nova Scotia; third, it makes inadequate provision for New Brunswick; fourth, it makes inadequate provision for Newfoundland; fifth, it makes inadequate provision for Quebec; sixth, it makes inadequate provision for Ontario; seventh, it makes inadequate provision for Manitoba.

Mr. McCann: Put them all together.

Mr. Fleming: Eighth, it makes inadequate provision for Saskatchewan; ninth, it makes inadequate provision for Alberta; and tenth, it makes inadequate provision for British Columbia.

Mr. Richardson: May I ask the hon. member a question? This is just for the purpose of clarification. I understood the hon. member to say, about five or six minutes ago, that the federal authorities had unlimited sources, for revenue, I presume. By what authority does he state that proposition?

Mr. Fleming: The British North America Act which clothes the federal authority with power to raise money by any mode or system of taxation whatever. It is written in the plainest terms in the British North America Act and I am sure my hon. friend has only overlooked it for the moment.

Mr. Stuart (Charlotte): I hesitated to interrupt the hon. member when he was speaking, but I should like to ask him a question at this time. I think the hon. member said in his opening remarks that no Liberal members had spoken in the debate at the resolution stage.

Mr. Fleming: I thought so; if I overlooked any, I am sorry.

An hon. Member: You were not here, you wouldn't know.

Mr. Harris: There were at least two who spoke.

Mr. Fleming: I will check the record again, Mr. Speaker, and if I find I am mistaken I will express my regrets to the two hon. members who spoke.

An hon. Member: You were away at the time so you wouldn't know.

Mr. Fleming: I only hope that if they speak again they will be a little more outspoken.

Mr. Rowe: They were not very important or they would not have been overlooked.

An hon. Member: There were three or four who spoke.

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, on every occasion when bills are introduced in this House of Commons, it happens that some hon. member will say—and rightly so—that it is an important bill, or perhaps that it is the most important bill to be presented to the house in the course of that session.

As far as I am concerned, Bill No. 442 which we are now discussing on second reading is without doubt the most important bill that can possibly come before this house at this session.

This provides us with the opportunity of what we might term a five-year review of the responsibility of the governments and the financial possibilities of the three realms of government in this country meeting their responsibilities, because Bill 442 gives the power of signing new five-year agreements concerning financial arrangements. It is the time for very serious consideration and review of the situation as it exists governmentally and financially in this country. Because of the importance of these things, this bill is one that should not be discussed with high flights of eloquence or emotionalism but rather it should be discussed in as calm and dispassionate a manner as is humanly possible.

I take the position that there are two fundamental facts we have to keep in mind in considering this bill and all that it means. First of all we must remember that many years ago the fathers of confederation laid down the terms of union. I am convinced that no one of any party or of any sense will criticize the sincerity, integrity and brilliance of the fathers of confederation. They laid down what in effect is the fundamental constitution of this country and the jurisdiction and constitutional rights. I think I am safe in saying that at this time no one would contemplate any revision of the British North America Act which would in any way interfere with, change or abrogate the constitutional rights of the governments of this country. However, as men change and as times change we have to recognize that even with all their brilliance, even paying them the highest compliment for the remarkable job they did, at the time of confederation there could not possibly or conceivably have been any idea of the progress and development which would occur in this country and the changing responsibilities of government. That is something which could not have been conceived so many years ago.

Therefore, those of us who are now members of the House of Commons, I feel, have the responsibility of recognizing the basic principles and precepts, of recognizing the correctness of the jurisdiction and constitutional rights, and we should at this time endeavour when we consider a bill which lays the foundations for a new five-year contract to analyse the situation as it is and to see if we can devise a fiscal policy which will enable all governments to meet their new and growing responsibilities.

I said that there were two basic considerations which we had to keep in mind, and the second is that each one of us loves the province in which he resides and the constituency which he represents. Some of us live in provinces which are wealthier than others and we want to see the best that is possible in our own constituency and our own province, but I am afraid that in discussing a matter of this nature too often we consider it from the provincial and not from the national point of view. I say that as one who has some knowledge of that attitude because I spent 20 years in a provincial legislature.

Mr. Speaker, the lights are out, but hon. members need not worry about that, because I am giving them the light in the sense it is required.

At one o'clock the house took recess.

AFTER RECESS

The house resumed at 2.30 p.m.

Mr. Winch: Mr. Speaker, I want to dissociate myself completely from the rumours that are now flying around the corridors of the parliament buildings. I do not believe that the Minister of Finance has taken a page out of the book of the Minister of Trade and Commerce and by putting out the lights brought in a new system of closure. The lights went out at 12.45. If my memory is correct, when the war started in 1914, Earl Grey looked out of the windows of the foreign office in Great Britain and said, "The lights are going out over Europe." It may seem a strange analogy, but I want to say that in my estimation the Minister of Finance at this time, in the introduction of Bill 442, had the opportunity of putting on the lights for the Canadian nation by a new alignment of fiscal policy. I am sorry that he failed to throw the switch.

At the time of adjournment, I was pointing out that, although we recognize the thinking of provincial governments, and of citizens in provinces, for the maintenance of their own standards and the utilization of the benefits of their own resources, I thought—and I definitely do—that if we are real citizens we have to recognize that Canada as a nation can only be built up by a national attitude and not a parochial one.

The hon. member for Eglinton, in his one-hour talk this morning gave us the general views of himself and the party for whom he spoke. He concluded his remarks by stating that there were ten reasons why the official opposition was not going to support the second reading of this bill. I realize that it is a general practice to make one's remarks and conclude with points of a specific nature, but I am going to reverse the procedure. I am going to begin with ten points and then deal in general with them later. In doing so we would like to make this point very clear; that is, that the development of Canada and the status of all citizens in Canada is dependent upon our being a nation and not a series of parochial provinces.

This is based upon something which I think should be axiomatic, that Canada is not built up as a nation by the wealth of one, two or three provinces, by the industries in certain sections or by the activity of individuals in certain areas. The national wealth and well-being of Canada is the work of every solitary individual in the Dominion of Canada. It means that, irrespective of our position in various provinces, the work of the pioneers in the far outskirts of Canada, the work of those of what have been referred

to as the poor provinces of Canada, make up the national well-being of Canada. It very definitely is the feeling of this group, for whom I am speaking at the present time, that therefore every citizen of Canada is entitled to the best that can be given to him, irrespective of the province or part in which he lives, be it in a city or in a pioneering outskirt of our country.

With that being understood, as I have said, I am going to reverse the procedure of the hon. member for Eglinton. I am going to lay down ten points first and speak to them generally afterwards. I can assure you that our group has given very serious consideration to Bill No. 442. We believe that the following factors deserve the attention of the government and deserve the consideration of the members of this house on the second reading and at the committee stage of this bill:

1. The C.C.F. group in this house is of the opinion that it is both advisable and necessary in the Canadian interests to continue dominion-provincial fiscal arrangements relative to income tax, corporation tax and succession duties.

2. It was found necessary for the federal government in time of war, in the national interest, to ask for a dominion-provincial agreement, and in our opinion it is just as necessary to retain the policy in time of peace, whether it be under an expanding economy or with the possibility of a recession.

3. Our federal group deplores the policy change of the federal government in that their latest proposals constitute a retreat from the basic principles and would appear to indicate a desire of the government to recede from an over-all taxation plan that prevents dual taxation and gives to the federal government a greater supervision of and influence upon the Canadian economy.

4. The government proposals fail to recognize the fiscal needs of the provinces.

5. Under the three plans submitted by the federal government there is no real incentive to the provinces to sign a tax rental agreement as there is no benefit accruing to those that come in as compared with those that stay out.

6. Any dominion-provincial fiscal arrangement must recognize the increasing responsibilities that provincial and municipal governments have without the taxation power to finance the same.

7. A municipality being the child of the provincial government, an understanding must be reached between the dominion and provincial authorities that a degree of benefits granted by the dominion, perhaps outside the taxation agreement, to a fair extent be passed on by the provincial government to the municipal governments.

8. Any dominion-provincial taxation agreement must include as part of the contract, or by declaration of government policy—and I emphasize that—the assumption of a degree of federal financial responsibility in the fields which constitutionally are the responsibility of provincial governments or municipalities, but the cost of which is beyond their taxation abilities.

9. Without change in the provisions of the British North America Act, and recognizing the responsibilities and jurisdictions of provincial and municipal governments, the federal government in outlining the tax rental proposals must include therewith financial aid in the field of education, highway construction and capital participation in resources conservation and development as being for the general good of Canada.

Finally, No. 10. Although Canada anticipates an expanding economy, the dominion authorities agree to plan, in conjunction with the provincial and municipal governments, for joint financial participation in necessary works that can be undertaken in time of recession; and further agree to make available to municipal authorities low interest loans to enable them to meet the commitments required because of industrial development and population increase for which the municipalities must make a heavy capital investment for services and the federal government receives the greatest taxation gain.

The C.C.F. group in the House of Commons put those ten points forward as being the important factors that should be considered in discussion on second reading and in the committee stage of Bill No. 442. I said, sir, that after outlining these ten points I would speak in the time available on the general aspects in support of the same. When the leader of this group, the hon. member for Rosetown-Biggar (Mr. Coldwell), spoke at the resolution stage he reminded the house and the government of the contention of the government of the day when the first proposals were made for a dominion-provincial taxation agreement in the three fields that are under discussion. The statement is of such importance that I want to repeat it. The statement of the federal government with respect to the proposals outlined in the green book in 1945 was:

> To do these things fully and without destroying the federal system, the dominion government considers that it should have full and exclusive freedom to tax personal and corporate income and estates so that the restrictive effects of double and competitive taxation may be avoided and so that income earned and wealth accumulated nationally

can be fully and efficiently taxed for national purposes and the mutual advantage of all provinces.

Sir, that was an important statement. It is one that I personally agree with completely. Because of the exigencies of war it was found necessary by the federal government to operate as a nation, and they required not only certain controls but the over-all supervision of the national economy if we were to wage a successful war. All the provinces agreed. But, Mr. Speaker, we want to say this very definitely, that it is just as important for Canada to win the peace as it was for Canada to win the war. I know that can be called a trite statement but it is not. Having been blessed with the resources we have and having in mind the capabilities of our people, we should see to it that there is a reasonable standard of living and degree of prosperity for all the people of Canada, not just those in the wealthy provinces. Winning the peace means the development of Canada by applying the abilities, policies and national direction which we employed in winning the war in order to bring about the greatest good for all the people of this country.

In the event of a recession, and nobody knows whether or not we may encounter another one, it cannot be controlled by any province but only by the national government. We feel strongly that the powers and supervision that enabled Canada to play the wonderful part it did in the winning of the war should also be applied to the winning of the peace.

This, of course, takes me back to my opening remarks as to the responsibilities of various governments. The jurisdictions and constitutional rights are laid down by the British North America Act but the responsibilities have increased to an extent not known when confederation took place. It is regrettable that the present bill does not take into consideration the realities of the situation.

At the resolution stage a member placed the facts on the record with regard to the expenditures of government. In case they have been forgotten I should like to do so again. According to the government's own figures federal government expenditure from 1945 to 1955 increased from $4½ billion to $4¾ billion, or 5·5 per cent. Provincial government expenditures increased from $384 million to $1½ billion or 291·9 per cent, and the costs of municipal government went up by 276 per cent.

As pointed out by the hon. member for Eglinton (Mr. Fleming) this morning, the municipalities and the provinces have had to make terrific capital expenditures. This, sir, has resulted in an amazing situation because in the proceedings at the last dominion-provincial conference we find this:

It is noteworthy that, in these post-war years of prosperity, the indebtedness of the provinces, municipalities and their agencies has risen from $2·977 billion in 1945 to $5·715 billion in 1953, an increase of 92 per cent, while the federal government debt has actually been reduced from $18·438 billion to $18·276 billion.

It should not be necessary to emphasize the practical implications of these figures. Undoubtedly at the time of confederation it was thought that fiscal policies could be arranged on the basis of increase of population. That no longer applies today. One of the greatest needs in realigning fiscal policies with governmental responsibilities is a recognition of the fiscal needs of the provinces and their children, the municipalities. I think we must also have a recognition of the fact that the revenues of the federal government are dependent entirely on the prosperity of the provinces. They being dependent upon the prosperity of the provinces, we need now a recognition by the federal government of the necessity for conservation of the resources of the provinces. Literally, that matter is strictly a provincial responsibility. But if our resources are depleted and collapse, so will the revenues of the federal government. Some advances have been made but not nearly enough. The economy of British Columbia depends to a great extent on our forest resources. In the past they have been given away or they have been stolen. Our resources have been mined, not forested. In recent years there has been some change in policy, but a provincial government is completely unable to do the kind of reforestation that is required. It is absolutely impossible financially for them to do it. It is to the interest of the federal government to see that reforestation takes place and to see that our forests are not destroyed by fire. As it is in forestry, so is it in almost every other aspect of our national resources. We think it is only reasonable to ask this government, when they consider introducing a bill as they are now doing, to recognize the situation as it exists. If they want to be selfish in their own interests they must play a greater part financially in the conservation or the replacement of the natural resources of all of the provinces of the dominion. They must also play a part in the development of the natural resources. In this modern day and age we are reaching a stage where it is completely impossible for provinces or municipalities to finance required developments. This statement applies particularly in such matters as—and I agree they are within provincial jurisdiction and come under provincial rights—hydroelectric power, the Saskatchewan dam and developments in

the maritimes which they need most desperately but which they are completely unable to provide because of the financial limitations. Surely, Mr. Speaker, it is reasonable to ask the government themselves not to take a parochial stand as a national government but to recognize that they have now responsibilities for development and for conservation. As pointed out by the hon. member for Eglinton (Mr. Fleming), costs in the fields of highways and education are now completely beyond the fiscal powers of provinces and of municipalities.

I come back to this point. I state quite honestly and bluntly that we as provincial citizens need to have an understanding of our national well-being. I say also that we need to have from this government a national picture or understanding of provincial and municipal well-being. It is most necessary that in this proposal embodied in Bill No. 442 the government recognize that it is not facing up to the problems of Canada as they exist today. I believe that the ten points this group has outlined are important ones. I believe that they are uppermost in the minds of the provincial premiers of the ten provinces of Canada. I should like to consolidate the opinion. I have read the proceedings of the federal-provincial conference. I have read as much as I could of the information supplied. From reading the statements of all the premiers, I think the opinion has been very well put in a telegram from one of the premiers at the request of the editor in chief of the Toronto *Daily Star*. After being asked his position the premier of Saskatchewan sent this telegram which reads as follows:

> . . . new tax proposals as placed before parliament Ottawa almost completely disregard all representations and evidence advanced by provinces supporting our need for more adequate share of direct tax fields jointly occupied by both levels of government. Saskatchewan has consistently argued proposals have three main weaknesses, first level of payments much too low to relieve increasingly serious financial strain on provinces and municipalities with pyramiding costs of education, road building, health and social services, and urban growth. Second, proposals are related solely to revenues from direct tax fields. They make no provision for fiscal needs of poorer provinces struggling to achieve decent minimum services despite scant revenues from alternative tax resources. Third, instead of seeking co-operation of provinces in maintaining efficient co-ordinated tax system new proposals encourage double taxation and may seriously weaken fiscal powers of Ottawa in combatting major economic crisis. Moreover tax proposals advanced in isolation without needed integration in national policies for aiding public investment and economic development, meeting special regional needs, or stabilizing farm income. One redeeming feature of new proposals is that equalization plan for first time clearly recognizes right of all provinces to share more equitably in tax proceeds from personal and corporate income derived from whole country.

From my reading I think that is the consensus of the premiers of the ten provinces of Canada. I want to reiterate this statement, Mr. Speaker. We firmly believe that the interest of Canada demands a new financial understanding between the provinces and the dominion. We believe that, without change in the British North America Act, it demands that the federal government shall give more generous assistance to the provinces and municipalities in meeting responsibilities that were never thought of many years ago. May I say, Mr. Speaker, that in my estimation the Minister of Finance (Mr. Harris) had a remarkable opportunity at this session and at this time to do a wonderful job for Canada and to do basically what was done at the time of confederation, namely to lay down a plan for the future of this country. I regret that in Bill No. 442 he has not shown any indication that he understands the situation in Canada or the need for revision of fiscal policy so that all governments can meet responsibilities. From all that has been said in the past and what I have read, I think the Minister of Finance should be told of the old Indian proverb that an elephant has two sets of teeth, one for show, the tusks, and one for action inside. I am afraid that this bill, and what has been said in support of it by the government, is for show, for public consumption, but when you get down to the teeth inside, those that mean action, it does not recognize the problems that are facing Canada as a nation.

I sincerely hope—because I see I have only one minute left—that the minister, through you, Mr. Speaker, will understand that there is no carping criticism from this group; there is no parochialism. We believe in Canada. We believe in the constitutional rights of the provinces as laid down by the B.N.A. Act. We believe it is possible to produce a plan, a fiscal policy, that will enable all the provinces to come into agreement and thereby not only make it a greater nation but establish more equalized standards in all fields in this dominion. It can be done, and we hope the minister will do something more than is contained in Bill No. 442 at the present time.

Mr. Solon E. Low (Peace River): I should like to take just a few minutes, Mr. Speaker, to deal with some of the things that were put forward by the speakers who have preceded me. With a good deal of what they have said, I can agree. I find myself in disagreement with some of the things. Certainly, I think we must all agree that the bill that is now before us is one of the most important measures, if not the most important, to come before parliament this year. I hope that it will be treated as an important measure and

one that deserves tremendous consideration because from it will devolve the happiness, contentment and welfare of our people for the next five years.

The hon. member for Vancouver East (Mr. Winch), who just finished speaking, in the earlier part of his address mentioned the necessity for greater supervision by the federal government over the economy of Canada. He mentioned the need for thinking nationally and, it seemed to me, as advocating a greater measure of centralization of authority. As I listened to him develop his topic I could not help coming to the conclusion that he apparently forgets one very important matter, that is that all the material wealth that is produced in Canada, all those things we get and enjoy in what we call the standard of living, come from our natural resources. In the last analysis every dollar of taxation taken by all the governments of Canada has to come out of the wealth that is produced by those natural resources. Evidently that is something that my hon. friend forgot. These resources belong to the provinces. The development of these resources was given as a responsibility to the provinces under the British North America Act. The provinces are certainly entitled to the money coming from the development of their resources, first to pay all the costs of development in the provinces, and secondly to take care of the needs of the people in those provinces for services. Now, those are fundamental things, I think, with which every other province can agree. If the people of any province use the wisdom, vision and care in the development of the resources within its boundaries, then Canada as a whole will be richer and every government in Canada will benefit in some way.

The reverse is true, also. If they do not use wisdom in the development of their resources, if they fail to use care, judgment and efficiency, then everyone in Canada will be poorer. But some benefit must accrue to the people of a province if they do work hard and if they make their resources yield in abundance. If you deny them that benefit of hard work, wisdom and care, then the detriment to development will certainly follow.

While we agree that sharing with the less fortunate provinces in a measure is desirable and is provided for in this bill—it is a principle with which we can all agree—I am sure that if federal supervision of Canada's economy is carried too far or if federal taxation is carried too far, then that great discouragement to the development effort is bound to come and Canada will be poorer and not richer. We have to be careful, therefore, how far we go with these matters. It seemed to me the hon. member for Vancouver East put forward a principle and then argued against it.

I should like to turn for just a moment to what the hon. member for Eglinton said this morning. I agree with him that the three fields of taxation which are now open on a combined basis between the provinces of the dominion belong just as much to the provinces as they do to the dominion. We could argue from now until doomsday and nobody could possibly prove otherwise. You may bring evidence to support a certain view or you may bring evidence to support just the opposite view. But in balance I am sure the evidence will support the contention that the personal income tax, corporation income tax and succession duties belong just as much to the provincial government as they do to the federal government. Consequently, we cannot look upon the formula the Minister of Finance (Mr. Harris) has worked out as doing anything for the provinces, except in so far as the tax equalization and revenue stabilization do help the poorer provinces. I say that the 10, 9, 50 per cent formula is not completely fair. I think that something more than that could be done. I am not going to suggest a formula that would be more appropriate. The Minister of Finance is capable of doing that because he has all the information.

The second important thing the hon. member for Eglinton (Mr. Fleming) mentioned this morning, and with which I thoroughly agree, was that the provincial governments are not happy about the formula. They do not believe it gives sufficient weight to the needs of the provinces in relation to their responsibility nor to the municipal governments in relation to theirs. The main reason why the provinces are not happy is, as has been stated, the very great problems they face in connection with burdens devolving upon the municipalities. I think the provinces could take care of their own affairs quite nicely if it were not for their creatures the municipalities and the heavy burdens they carry.

The hon. member for Eglinton this morning mentioned the city of Edmonton in my own province, a city that has grown so quickly as to have practically burst at the seams. It has seen an almost unprecedented growth. Over the past several years there has actually been incorporated into that city every month a good size town as far as population is concerned. This means that every one of the services has had to be tremendously expanded and the costs of that expansion have been borne very largely by the people in that city who were already established there. Edmonton, of course, is only one example and there are a great many others

that one could name. Their plight today is a very serious one and it should be given the most earnest consideration by the minister, as I have already indicated in my previous remarks.

There are two main reasons why we are critical of Bill No. 442. In the first place, Mr. Speaker, it proposes to make into law a formula and a set of taxation provisions which the provinces have not approved in conference with the federal government. It is a unilateral proposal placed before the provinces to accept or reject as they wish. If they accept it they go along and take what the federal government is doling out under the 10-9-50 formula. If they reject it, then in order to get revenues they must resort to double taxation which, of course, as the minister knows full well, very few of the provinces would be prepared to do for the simple reason that the people will not put up with double taxation.

The confusion that would result would be monstrous, and that is something we do not want to develop in this country. I look upon this whole proposal as a denial of the partnership principle upon which a smoothly working federal democracy must be based.

I think the time is long past, Mr. Speaker, when any one in Canada with any sense at all could possibly look upon the federal government as the superior and the provincial governments as the inferiors. I think the time has long since passed when we consider that this government has a priority over the provincial governments in the fields of taxation. I think what we have to do is look upon the relationship between the dominion and the provinces as a partnership, and the nearer we can get to a partnership arrangement the better it is going to be.

It seems to me, Mr. Speaker, that if the partnership principle is to be observed it must then call for agreements and an approval of a proposal put forward by the Minister of Finance to the premiers or governments of the provinces. If the proposal is not accepted by the majority of the provinces in a good spirit, then it seems to me the best the federal government can do is to say, "All right then, you propose something," and call the provinces together and consider the matter further in the light of the wording of the detailed proposal. When that time comes I am certain that good sense will prevail and that the provinces and the federal government in partnership can work out something that will be acceptable and that will succeed in bringing to the provinces and municipalities what they need in order to be able to carry on.

We stand for partnership, Mr. Speaker, between the provincial and the federal governments and it must be a real partnership. Therefore, the relationship between the dominion and the provinces cannot be satisfactory if there is any thought of their being superior or inferior, senior or junior or a prior claim or this or that in the field of taxation. We have to keep in mind the fundamental need.

We are critical of this measure for another reason, Mr. Speaker. The formula does fall short of providing the provincial governments with a sufficient share of the tax revenues available to the governments of Canada today. The big reason for making that statement, of course, is that the provinces have a terrific problem on their hands in connection with the financing of municipal needs. I am convinced that the major issue in Canada's political life today is the financial inability of the provinces and their creatures the municipalities to perform the duties and carry out the responsibilities allotted to them under the constitution.

I think we have to approach a matter of the kind we are now considering under Bill No. 442 with one question uppermost in our minds, and here it is. Does it do all that is possible to ensure that the provinces and municipalities can fully discharge their responsibilities under the constitutions?

Now, if it does this then we can go forward; if it does not, then we have to oppose it. Does it do all that is possible to ensure that the provinces and their municipalities can fully discharge their responsibilities under the constitution? That is the spirit in which I am trying to consider this measure. The division of powers and responsibilities provided by the British North America Act was, in our judgment, a wise division and I do not think it could have been wiser.

As I consider it, it did at the time divide the powers and responsibilities as wisely as men could possibly have conceived, but over the years since 1867 a great many new situations have arisen which were not foreseen by the fathers of confederation.

A short time ago a study was made in the province of Alberta by some competent people concerning the problem of municipal finances and the relationship between the provinces and the municipal governments. I want to quote just briefly from the report of that study:

> When the constitution of Canada was set up by the British North America Act of 1867 even the most forward looking statesmen could hardly have anticipated the complicated functions of government which were to develop over the years.

Federal-Provincial Financial Arrangements

Almost the total population of Canada was rural. It was an age of individual self sufficiency supplemented by mutual assistance of neighbour to neighbour. The fathers of confederation found this good and saw in this pioneer spirit the future greatness of Canada.

National defence, regulation of international trade, a criminal code, the opening up of the west —these were the concern of government and these could best be handled at federal level. Little was left even for the provincial governments. A member of the legisature for Prince Edward Island sizing up the situation stated "in this house scarcely anything should be left for us to do but legislate dog taxes and the running at large of swine."

The worry was to prevent a government of so little field of responsibility—

Such as the provincial government.

—from becoming unduly costly in administration. To quote Galt in his Sherbrook address, "Every effort has been made to reduce the cost of local governments, so that local machinery should be as little costly as possible for it would not do to affront the intelligence of the people and tell them we had devised an expensive kind of machinery to do a very insignificant amount of work."

Mr. Harris: He did not stay in politics very long after that speech.

Mr. Low: Well, perhaps not, but just the same he had a point of view. It does have a bearing on the present question. I continue:

With such a conception of the role of provincial and municipal governments it is little wonder that the federal government reserved to itself a perfectly free hand in revenue raising by any means of taxation, direct or indirect while it specifically limited the rights of the provincial governments and their creatures, the municipal governments to direct taxation and certain privileges of licensing.

Certain significant trends were soon after to be observed. By 1891 a third of the population was living in urban areas and it was already evident that the local governments must assume new and ever increasing responsibilities little dreamed of by the fathers of confederation. The next half century was to see a continued concentration of urban population with a corresponding decrease in rural population. This trend has continued until in Alberta today there are less than one-third of the people engaged in agricultural pursuits, while in the U.S.A. the rural population is reported to be less than 10 per cent of the total.

I might say that the figures show that the rural population in Canada is something just over 20 per cent. That indicates the trend which has occurred and which places a greater responsibility upon the local government and less, naturally, upon the federal government. We are not overlooking the fact that in time of war or threat of war the federal government must take the prior position; we agree with that. But it seems to us that as peace comes we must recognize the forces which have been at work to change the burden of responsibility largely over to the local governments. That is why I say that the argument that this bill does not sufficiently meet the needs of the municipalities and the provinces is one reason we have to criticize it, and quite severely.

[Mr. Low.]

Let me deal for a minute with what the provincial and municipal governments have done to find new ways of raising revenue. I did not realize how resourceful the municipalities have really been over the years until I read this study. I was amazed to find that all the following taxes have been used by the municipalities in the provinces:

Property Taxes
- Real property
- Personal property
- Frontage tax
- Stock in trade tax
- Animal and vehicle taxes
- Tenant's tax
- Multiple entrance tax

Business Taxes
- Ad valorem tax
- Specific business taxes (e.g. floor space)
- Advertising taxes

Commodity Taxes
- Coal
- Tobacco
- Gasoline
- Electricity and gas

Transaction Taxes
- Franchise taxes
- Insurance premium taxes
- Mortgage taxes
- Telephone taxes
- Telephone toll taxes
- Parimutuel taxes
- Slot machine taxes

General Sales Taxes
Income Tax
Poll Tax
Amusement Tax

Bless my soul, what else is there? I have not heard of a tax on going to the bathroom more than once a day, but that is about the only one which seems to have been overlooked.

It is interesting to note that taxation by municipalities has become a real business. It has developed over the years as a profession to the point where tax commissioners are to be found in municipalities whose sole business it is to hunt up new taxes which may be applied in order to scrounge more revenue out of the pockets of the people. They forget apparently, as do my hon. friends opposite, that every single dollar of taxes must come out of the pockets of the people, and they are the same pockets whether it is the federal, the provincial or the municipal government which does the taxing. Surely they have scraped the bottom of the barrel in many places.

I should like to turn for a minute to indicate what this burden on the municipalities really has been and is now and what efforts have been made to lighten it and what is still left to be done. About six years ago the government of my province approached this matter seriously with a view to determining what could best be done to help the municipalities which were going further and further into debt and finding it more and

more impossible to carry on the services required to be carried on.

That province started to increase direct grants and indirect assistance to the municipalities in an effort to lift their burden. The figures I am giving are taken from the budget address of the Hon. Mr. Gerhart for the year 1955-56 in which he indicated the total amount of assistance which had been granted by the provinces to the municipalities in various forms. I am going to calculate it as a percentage of their total revenues and when I do so I think hon. members will be surprised.

During the six fiscal years ending March 31, 1956 the direct financial assistance granted to the municipalities for the purposes of education, public health, highways, grants in lieu of taxes, municipal assistance, and grants for public aid totalled $208,034,734. There were no strings attached except that the money was marked for the various fields indicated. To give a total amount may not seem to indicate much, but I think it indicates much more when you show it as a percentage of the ordinary revenues of the province for any particular year.

I shall take 1955-56, the last year I have. In that year the total direct grants from the provincial government to the municipal government amounted to $59,069,555 or $60 million in round figures. That is more than 38 per cent of the total revenue on income account of the province. I challenge any province in the Dominion of Canada to match that. They cannot.

Let us go further. In addition to the direct financial grants the government of the province of Alberta gave to the municipalities indirect financial assistance by way of free medical and hospital care for old age pensioners and other public health and welfare services amounting to $7,886,400. That was in the year 1955-56. That brought the total direct and indirect financial grants from the province of Alberta to the municipalities up to $66,955,000, or $67 million in round figures. That may not mean very much unless you show it as a percentage. That sum of $67 million approximately, given in direct and indirect assistance to the municipalities of the province, amounted to 44 plus per cent of the total revenue on income account for that year. That is partnership and I think it stands as an example to Canada.

Of course people will say, "Oh, but you have the money." It is true that our revenues have increased. I can remember my first year as provincial treasurer when I was dealing with a total budget of $20 million, and when I compare it with the budget today of $205 million I realize that I was living 40 years too soon.

So also have the responsibilities of the provinces increased. The provincial government is doing its best to help the municipalities carry the burden. In addition to all the direct or indirect financial grants, amounting to over 44 per cent of the total revenue on income account in 1955-56, my province granted to the municipalities $39 million in loans for the purpose of developing and increasing their services to the people in the way of sewers, waterworks and that sort of thing, at rates ranging from 2 per cent to 3½ per cent, and made it unnecessary for them to go into the money markets of the country bidding against each other for the sale of their debentures. That was in addition in one year. Over the six years about which I have been speaking, my province granted to the municipalities low interest rate loans in that form for a period of 20 years totalling $149,433,000.

With those figures before you, you would think the municipalities in my province would be in clover, but the facts were mentioned the other day by my hon. friend from Jasper-Edson (Mr. Yuill), a mayor in a typical municipality, who said that after all this assistance that had been granted by the provincial government to the municipal government, over which he has some jurisdiction, the tax rate on property was 47 mills. Let us stop to think about it. That is a fairly average figure that you would find not only in the municipalities in my province but in every other province. It would be worse in many. I say we have to take those things into consideration when we think about a bill of this kind.

That is one of the reasons I asked the minister, before he brought in this bill for second reading, to get off by himself, take a second look at it, and come back with something that would more nearly meet the need of the provinces and municipalities. I say that a similar picture could be painted in every province in Canada. British Columbia, for example, is looked upon as being a very wealthy province, and will be one without question. As she is now in the throes of a magnificent development, money has to be available for that development. They are trying to build a railway as a Pacific coast outlet for a great part of the country in the north, because the railways would not do it. That is costing them a huge sum of money. They have to build pioneer roads and access roads to ensure the development of their resources.

Education was mentioned the other day. In education what a terrific burden they will

have to bear in the next few years because of the large increase in the numbers of students and the need for more schools and staffs and all that sort of thing. They are faced with the necessity for developing power, which is a very costly business. One could speak for hours about the problems they face. I hope some of the boys in British Columbia will see fit to do that. How are they going to do it if the provinces cannot obtain from the development of their resources sufficient money to enable them to finance this expansion? If they have to come here every now and then to plead with the federal government to give them a hand-out, I am sure we are not going to get that development.

I could talk about New Brunswick and the problem they face down there in trying to improve their standard of living by industrialization. They have not many industries, and as a consequence their standard of living has suffered. They need power, and to get power the provincial government feels it has to go into terrific debt. There again development may be retarded because of difficulty or inability to get money for that kind of development.

It seems to me that with all these things the minister would be well advised yet to call in the provincial governments, put the problem before them and let them see the wording of this bill. If they are satisfied with the wording of the bill, and indicate that they are satisfied with it, I shall keep quiet and go along with it. If the minister wants to play the partnership role, he could do no better deed than that. If they are not satisfied; if they feel it is too rigid; if they feel it does not give the minister and themselves flexibility enough to negotiate better arrangements within the framework of the bill, then he should attempt to change it, but I do not believe he should try to put it through and make it law before he has the approval of the provincial governments. Otherwise he is destroying the partnership principle, and that is not conducive to the smooth working of democracy. I am going to leave it at that point for now; I may have something more to say at a later stage.

Mr. W. Ross Thatcher (Moose Jaw-Lake Centre): Mr. Speaker, I should like to take part very briefly in this debate, because I think this is one of the important bills to come before parliament this session.

Hon. members will recall that the original dominion-provincial tax agreements were formulated during the war years, largely as a result, I suppose, of the depression. The objectives of those agreements were threefold; first, to eliminate duplication and inefficiency in taxation as much as possible; second, to give the poorer provinces a more equitable share of national tax revenues; third, to give the federal government sufficient control over fiscal policy to enable it to cope with unemployment and other economic problems.

Generally speaking, prairie residents have always supported the tax agreements and they still support them. We are of the opinion that only by some such financial arrangement can every Canadian citizen be given equal treatment and a minimum standard of social security. At the same time, most of us on the prairies, I think, have realized that there has been one basic weakness in the agreements up to now. That has been the fact that the province of Quebec, with its four million-odd citizens, has not participated. Premier Duplessis, in his wisdom or otherwise, has felt that the old agreements centralized power in Ottawa and encroached upon provincial rights.

Quite frankly, most of us in the prairies have found it rather difficult to understand the premier's attitude. Yet obviously the views of the province of Quebec, particularly when they were held by so many of its citizens, had to be taken into account. The citizens of Quebec after all are just as much entitled individually to receive benefits from federal tax revenues as the citizens of any other province. Under the new agreements they will receive no concession which is not available to any other province. But now the benefits are available to Quebec without obligation, and she can feel that the preservation of her provincial rights is assured, if they were ever threatened. This seems to me to be a compromise solution which is in the interests of national unity and the good of Canada.

What are the criticisms that have been made so far concerning the agreements? The major criticism has been that the financial terms are not sufficiently generous to the provinces. In this debate we have heard the provisions described as "inadequate", "niggardly", "unrealistic" and so on. But what are the facts? Under these agreements the federal treasury will be giving in the first year to the provinces the sum of more than $650 million. That represents an increase of $115 million over what would have been available under the old agreements. My own province of Saskatchewan will receive $6·1 million more than would have been available under the former pact.

I can understand the provincial governments wanting more revenues. That is perfectly natural. Nevertheless I am absolutely convinced this afternoon that federal taxes

have reached their maximum level in peacetime, and I am also convinced that a majority of the citizens of Canada want taxes to come down.

This coming year our federal budget will reach the sum of $4·8 billion. Governments at the three levels will be taking about 33 cents out of every dollar earned by the average Canadian. Surely every elected representative, whether he is in the municipal field, the provincial field, or the federal field, must realize that there is a limit to the amount of money which can be taken from any citizen by governments, if his ability to save and keep himself solvent is not to be impaired.

In the past two decades the federal government has assumed new financial responsibilities, and those responsibilities are not of a contracting but rather of an expanding nature. For instance, national defence today is taking almost $2 billion. Who in this house would say, with the international situation as it is, that this expenditure may go down in the foreseeable future? Social welfare expenditures, including family allowances, old age pensions, unemployment insurance and so on, today take $900 million or better, and these expenditures are going up quite sharply every year.

I think it should be remembered that constitutionally some of these measures came within the jurisdiction of the provinces and that frequently they were adopted by the federal government at the instigation of some of the provinces. Over and above the social welfare expenditures I have mentioned, parliament has agreed this year to adopt a national health insurance program at the appropriate time, when the provinces are prepared to enter. That is going to cost at least another $180 million in the beginning and may ultimately mean an expenditure of $350 million.

In view of all these long-term obligations, and in view of other costs, I must say today that I am in complete agreement with the Minister of Finance when he says that for the time being at least the financial capacity of the federal government has been stretched to the limit.

Premier Frost of Ontario has said very flatly that his province must have more revenue, and he wants it from the federal treasury. In view of the fact that under these agreements Ontario will receive $224 million, I simply cannot agree with the Premier.

Personally I view with alarm the steady drive of certain provinces on the one hand, to involve the federal authorities in greater expenditure and simultaneously on the other, to transfer more provincial costs to Ottawa. It seems to me that such efforts are based on a fallacy, an illusion that if the provinces can transfer large burdens to the federal treasury, the taxpayers of those provinces will in some way escape them.

The people who pay provincial and federal taxes are precisely the same, and I do not think Ottawa should be looked upon as a kind of fairy godmother. I think it is parliament's duty to tell the provinces that for the time being at least we have done as much as is financially feasible or possible. If, as Premier Frost believes, his government must have more revenue, then it seems sensible to me that he should raise that revenue by provincial taxation. It seems to me there is always a danger involved when one government collects the taxes and another government spends the money.

I do not say this afternoon that this legislation will solve all the financial difficulties of our confederation. I am sure no one will be completely satisfied because the middle way seldom arouses enthusiasm. Yet I do feel that this is a compromise solution which can be accepted advantageously by all ten provinces, and for that reason I support the principle of the bill.

Parliament, Mr. Speaker, is now ending one of the most contentious sessions it has had since the end of the war. Despite the criticism from this side of the house I must say that this legislation represents one more occasion when I have found myself in agreement with the government on a matter of basic policy. There have been others, of course, during this session. If the house will permit me I should like to take a few seconds to mention them. I recall the pipe-line debate where, despite the acrimony and the bitterness which was caused, I found myself feeling that the government had adopted the most practical course to get the pipe line built. As a second example I think of the government's wheat selling policy, which is so important in my part of the country. We have heard suggestions from opposition groups that the government should have adopted give-away policies.

Mr. Fleming: Mr. Speaker—

Some hon. Members: Sit down.

Mr. Fleming: Mr. Speaker, if an opportunity is to be opened to refer to earlier debates this session and to comment on them, it will have to be opened for all.

Some hon. Members: Oh, oh.

Mr. Fleming: I hear some uncouth members over there—

Mr. Speaker: Order. The hon. member for Moose Jaw-Lake Centre was indicating to the house that he has found himself in agreement with the government on several matters during this session. He went on to say that if the house would permit he would take a few seconds to enumerate them. I take it that there are some objections to that course, and I will have to ask the hon. member for Moose Jaw-Lake Centre to avoid that course.

Mr. Thatcher: Thank you. I had hoped that the hon. member for Eglinton would have given me 30 seconds at this time.

An hon. Member: He is not big enough.

Mr. Fleming: Mr. Speaker, I have no objection to the hon. member stating that he has supported the government, if that is his wish, but he has no right to go on to make comments in detail, as he was doing, on the reasons therefor. That is quite out of order. If the debate is to be opened up it should be opened up for all, and hon. members opposite might just as well save their very uncouth remarks.

Some hon. Members: Oh, oh.

Mr. Thatcher: Mr. Speaker, I am aware of the rules of the house, and I must admit that the member who has just spoken is technically correct. I should have liked to mention several other occasions when I found myself in agreement with the government, such as the national health insurance plan and so on.

Mr. Martin: With which the hon. member for Eglinton disagrees.

Mr. Fulton: Which one?

Mr. Thatcher: After a good deal of consideration over many months I have become convinced that the Liberal party, which is built on the cornerstone of free enterprise and the competitive system, has done a good deal in recent years to bring about our present prosperity and to promote full employment.

Some hon. Members: Hear, hear.

Mr. Thatcher: As hon. members know, for 15 months I have sat in the house as a member without party affiliation.

Mr. Lennard: Just one more chicken coming home.

An hon. Member: He has a place to roost.

Mr. Lennard: He is coming home. He belonged over there in the first place.

Mr. Thatcher: During that time I have thoroughly examined the platforms and programs of the other groups in the house, and I am convinced that generally speaking my own political thinking is in line with that of the Liberal party. Under these circumstances, Mr. Speaker, I indicated this fact last week to the Prime Minister (Mr. St. Laurent), who was kind enough to say that I would be welcome in the party he leads. I believe that by taking such action, in the immediate period ahead I can best serve the constituency and the province from which I come. For that reason I propose to sit as a government member from this time forward.

Hon. James Sinclair (Minister of Fisheries): Mr. Speaker, in rising to take part in this debate on dominion-provincial taxation agreements I find that I have not taken part in financial debates during the last four years, since I have been Minister of Fisheries. I, of course, took a very active part during the four years I was parliamentary assistant to the minister of finance. They were four very happy years for me. I recall particularly the debates of 1952, when the last tax agreements were before this house.

I propose to do a little recollection of events of those days when I discuss the agreements this afternoon.

But I am sure that just for the moment even the hon. member for Eglinton (Mr. Fleming) will permit me, as the first government speaker since the hon. member for Moose Jaw-Lake Centre (Mr. Thatcher) made his statement, to welcome the hon. member to the Liberal party. The hon. member in his 11 years here has been an able and active member of this house and a particularly industrious member in the drudgery of committee work, and we are very happy to have him here. If I may be pardoned one personal reference, may I say this. Most hon. members know that since 1945 the hon. member for Moose Jaw-Lake Centre, the former independent member for Comox-Alberni, Mr. Jack Gibson, and I have been very close friends despite our political differences. I am very happy to have had some part in converting both those two gentlemen to the Liberal party.

As I said when I started, this debate this year reminds me a great deal of the debate that took place when I was parliamentary assistant in 1952. There has not been much change in the arguments put forward by the opposition. The cry is that these agreements are not good enough and that the provinces are not getting enough money. So say the premiers. Their point of view is, I think, a little more understandable than the agreement with this view by members of the opposition.

I find, of course, that there is a real change in the new proposals. The most significant

one, of course, is the 20 per cent increase in payments promised next year. That is, $115 million more in the first year is to go to the provinces than is provided under the present agreement. As the hon. member for Cape Breton South (Mr. Gillis) very wisely remarked in his very statesmanlike speech last week, if a trade union leader went back to his union and said, "I have obtained for you a 20 per cent increase in wages" or if a company president reported to his shareholders that profits had gone up 20 per cent, there would be great praise. If a political party were able to increase their vote by 20 per cent the hosannas of praise would rend the skies. So I say there is reason for appreciation of the fact that under the new agreements the provinces are going to get 20 per cent or $115 million more.

My hon. friend the leader of the Social Credit party called that sum niggardly. He called $115 million niggardly. That beats even the famous remark which the Minister of Trade and Commerce (Mr. Howe) is once alleged to have made about $1 million. The only remark I can think of that came close to it was when the former member for Fraser Valley, George Cruickshank, asked the then prime minister, Mackenzie King, after he had announced a $5 million grant to Fraser Valley, and 75 per cent of the cost of flood relief, whether that was just a token payment. I think the comment of the leader of the Social Credit party that 20 per cent or $115 million the first year is niggardly is in that class.

Neither the previous minister of finance nor the present Minister of Finance has ever contended that these agreements are the final solution of an extremely difficult problem. There has been much mention today of the difficulties of governing a federal state. In the United States, for example, there are no direct tax payments as between the federal government and the state governments, though there are many grants in aid. Last year the Leader of the Opposition (Mr. Drew) and I had the good fortune to have dinner one evening with Prime Minister Menzies of Australia. The talk naturally got around to the subject of federal-state relations. I was amazed to learn that in Australia there is no such agreement or no such bargain. The federal government passes on the budgets of each of the states and decides what money they should be allowed. We have not followed that system. We have tried to negotiate reasonable agreements between the federal and provincial governments.

We Liberals believe in a strong national government. We also believe that in the government of a country of this size it is important that there may be effective local governments both at the provincial and municipal levels. I think most Canadians agree with that statement. As a matter of fact there is only one Canadian political leader in recent times who has disagreed and actually advocated the concentration of all power in the hands of the federal government and the elimination of provincial governments. His name is Colonel George Drew. I refer hon. members to *Hansard* of 1952, volume IV, page 3564, which contains a great many references to speeches made by Colonel Drew when he was leader of the Ontario provincial Conservative party. Let me quote a speech he made before the Canadian club in London, as quoted in the Toronto *Star* of February 23, 1935:

> For Canada, harassed by debts, labour troubles, and conflict in company, insurance and labour laws, Col. Drew saw in one strong central government the solution, instead of an utterly mad jig-saw puzzle of ten conflicting governments.

Then listen to this:

> If we were starting all over again who would be crazy enough to set up ten governments in Canada?

There are two or three more. Let us pass on now to what was said two or three years later. On November 10, 1936, he was reported in the Toronto *Globe* as follows:

> Canada must eliminate the costly inefficiency of ten governments doing, in most cases, the job of one or else sink in the rising tide of fascism.

We have not sunk in the rising tide of fascism. The federal government and the ten provincial governments have done a pretty good job of governing Canada. Even more delightful is this pronouncement in 1938—the years are rolling by—when he was speaking in Montreal on December 10 of that year, as reported in the Montreal *Gazette*. This time I can tell the hon. member for Kamloops that he was reported by a good Tory paper, namely the Montreal *Gazette,* since he objected to the quotation from the Toronto *Star*. Mr. Drew is reported to have said this:

> The way to get back to the ideals of confederation, to the ideal of a strong central government, is for Ontario as the largest province to sit down and say to Ottawa:—

Listen to this; this is Colonel Drew, leader of the Conservative party in Ontario, speaking:

> We have acquired rights it was never intended we should have.

That is the province of Ontario.

> We have duplicated services. We propose to hand back to you all things of necessarily national character and retain only those things necessary for the good functioning of local government.

Then as late as 1941 in Halifax at the bar association meeting he was saying this, as reported in the Halifax *Herald* of April 25, 1941:

"What we need greatly is to look at government from a business point of view," he said, "paralleling methods that a private business with a head office and nine branches would employ to promote more efficiency. Preservation of a nation's integrity must come from a strong centralization feeling," Colonel Drew continued. Canada's main problem was its decentralized government system, and the speaker declared, "solution of that problem would insure continuance of the national structure."

I think those views are worth remembering because, as far as I know, it is the only expression of opinion by anybody in this House of Commons that all power should be concentrated in Ottawa. Most of us believe in the federal system, with a strong national government and effective local governments; and we realize that in our federal system the problem of finance will be very difficult because of the fact that we still have just the one main source of income, namely the Canadian taxpayer.

In this country the problem of the federal government is especially difficult. If we were an old and static society, most public works would be built; but we have one of the most dynamic and most rapidly expanding economies in all the world. So from every part of this country, at every level of government there are demands for more public services; demands to the federal government from provincial governments and to provincial governments from municipal governments. Not only do governments face demands on them, but business in Canada finds tremendous demand on it for added capital, far greater demands than can be met in Canada. So if they want to continue to expand they look abroad for foreign capital. But we cannot satisfy all these demands, either national, provincial, municipal or in business. What we try to do is work out a reasonable compromise, a moderate way which will give top priority to those things of most importance.

The general advantages of these tax agreements have been stressed many times by many hon. members. They include the avoidance of double taxation, something that is extremely important, and the avoidance of unnecessary waste in having duplicate tax administrations. Another point not so often mentioned is the importance of having equal tax rates across all Canada. Before the war, when each province was in the field, the poorer the province the higher were their tax rates so they could get revenues, and therefore the less likely was industry to go to that province because of the higher tax rates.

[Mr. Sinclair.]

These tax agreements have helped level that out by providing a uniform system of taxation across the country. More than that, it has given the opportunity to have equalization as between the provinces. Not all our provinces are equally endowed with natural resources; not all our provinces have had equal advantages out of confederation and especially out of our tariff structure. These tax agreements are affording a measure of justice there.

There is one great weakness I have always seen in these tax agreements, the weakness of centralization. I am not thinking of the sort of centralization Colonel Drew was talking about between 1936 and 1941. These tax agreements centralize the tax criticism in Canada on the head of the unfortunate federal Minister of Finance. We do the taxing and get the blame and the provinces get the money and spend it and get the credit. As you know, political kudos more often comes from the spending of public funds than it does from the taxing of these funds of out of the pockets of the Canadian taxpayers.

Again and again in our history it has been said it is a bad principle that one body taxes and another body spends. In some provinces our school boards are set up in such a way that they fix their requirements and the city council has to raise the money. This has always been a source of friction. One of the things which has a great restraining effect on the government levying taxes is that they must justify to the taxpayers the needs which require that money. When one government taxes and the other government spends, there is not that direct connection or restraint.

We have also heard that the power to tax is the power to destroy. I suppose the destruction envisaged is of business. I tell you that overtaxation by government contains in it the elements of destruction, the destruction of that government. I think every government at every level is very careful not to tax any more than it has to do. But today, of course, the provinces naturally clamour for more money as do the municipalities, and as do certainly the members of the opposition. They would like to raise our tax load and have us merely pass that money over to these agencies to spend. Well, we would be not unlike the cat which pulled the hot chestnuts out of the fire for the monkey.

As I say, I feel the new plan is a great improvement over the old. First of all, as I said, it offers 20 per cent more revenue; second, equalization payments raise the revenues up to the level of the average of the two wealthiest provinces, Ontario and British Columbia. This is a recognition of the uneven tax collections which prevailed when the provinces levied their own taxes. It is

also a recognition that there is a concentration of industry which prospers out of all Canada but which is concentrated in the two central provinces. It is also a recognition of the fact that the provinces in Canada vary greatly in the resources at their command. The very great advantage is, I think, that there is no compulsion. The provinces do not have to sign these tax agreements in order to get the payments to carry out the equalization process, but can levy their own taxes in these fields.

I think, too, there is something to be said for the simplicity of the present formula. It is easily understood; 50 per cent of the succession duties, 20 per cent of the corporation tax that we collect—that is 9 percentage points out of the 45 percentage points making up the corporation rate—and 10 per cent of the income tax.

The fifth point which is an improvement is that if the provinces do not regard this as sufficient they are quite free to do as Premier Duplessis has done, go out and collect their own taxes. They can still get the equalization payments. Finally there is the stabilization guarantee. This may not be so important now, but it was very important in 1945 as a guarantee that these grants would not fall in the event of a recession or a depression. Our super-optimist here, Right Hon. C. D. Howe, was confident there would be no depression after the war but there were a lot of Cassandras, most of them in the opposition, who foresaw a depression. This guarantee was regarded as very useful then and it is very useful now. Though somewhat in the background it is still an important feature of these agreements.

Let me turn to the criticism now. It is simple enough. We are not paying enough money to the provinces. I can understand the position of the provincial premiers. Theirs is a provincial responsibility, and they want more money to develop their provinces. They do not have the responsibility for federal taxation, so they ask us for more. They certainly have got more in recent years from many sources. Two members, the hon. member for Okanagan-Revelstoke (Mr. McLeod) and the hon. member for St. Paul's (Mr. Michener) put on the record figures from a recent statement by the Canadian tax foundation showing that in the 10 years since 1945 federal expenditures have gone up by 5·5 per cent, provincial expenditures by 293 per cent and municipal expenditures by 276 per cent. This is a striking indication to the people of Canada how frugal has been the federal government in that 10 year period, because our expenditures have gone up only 5·5 per cent. It is also a pretty good indication that the provinces and municipalities have done pretty well in raising money to meet their extra expenses.

In addition, of course, the federal government has given large amounts in many purely provincial fields. National health grants since 1948, which have helped out in the field of health, a provincial matter, totalled $188 million, relieving that load on the provinces. The trans-Canada highway, under the old agreement we have given so far $82 million for road building. Social welfare so far has amounted to over $900 million a year. Before the war the federal government spent about $60 million in that field. All this aided the provinces and took part of the load from their shoulders.

Speaking about the 1952 debate, I was reminded of a very fair statement made by that eminent authority, Premier Frost, before the Ontario legislature in 1952, in passing the dominion-provincial tax agreements:

> "It is true the 1945-46 federal proposal was a comprehensive plan, involving besides tax powers, such matters as timing grants for capital works, old age pensions and a scheme of health insurance," he admitted.

Now, listen to this.

> "I am continually surprised at how many people are still unaware of the great extent to which this program has already been implemented."

Mr. Fulton: Obviously somebody over there is surprised, too.

Mr. Sinclair: Surprised that Premier Frost was already impressed in 1952? How he should feel now with the 20 per cent increase I can leave to him to tell you.

As well as the new tax agreements there are other offers of help to the provinces. Our recent offer has been to increase our contribution to the trans-Canada highway from $150 million to $250 million, another $100 million to the provinces for road building. Then there was the unemployment assistance bill put through by my colleague the Minister of National Health and Welfare (Mr. Martin), under which we agreed to pay half the cost of unemployment assistance for those not covered by unemployment insurance over the base load of ·45 per cent, which would cost about $25 million in a year such as 1954-55. Then there is our offer to extend hospital insurance to the nation, which will cost the federal government about $180 million a year.

This federal government has certainly assisted the provinces since the Liberal party came to power in 1935. As I say, I can understand the provincial premiers asking for more because their responsibility is provincial. I find it difficult, however, to understand the attitude of opposition members in asking for more unless they, with national

responsibility, indicate where the more is to come from. Just two hon. members have lightly touched on this.

The federal government has no Midas touch. We cannot create gold and give it to the provinces. There are just four ways that have been indicated for finding the extra millions, the extra hundreds of millions to listen to some of the members, or the extra quarter of a billion to listen to one of the provincial premiers, which have been requested. The first way is to increase federal taxes. There is one thing even the opposition are agreed upon. They will not vote for tax increases. The Canadian taxpayer today does not want an increase in federal taxation. The second method is to cut present federal expenditures and give the provinces the savings. We do not hear very many statements in this house as to how specific savings can be made in federal expenditures.

Hon. members will recall that some years ago, on October 25, 1950, to be exact, the Leader of the Opposition spoke in Saskatoon and as reported by the Canadian Press said he could cut half a billion dollars from the federal expenditures without affecting essential services. Well, I was intensely interested in that speech, because I was parliamentary assistant to the minister of finance at that time. When he returned to the house hon. members will recall that I as parliamentary assistant to the minister of finance implored him to help the government by telling us where we could save half a billion dollars a year of the taxpayers' money, to give us specific details. He did not. All he did was babble about a Hoover commission.

He took it to the people in the election of 1953. Hon. members will remember that this claim was the principle plank in the Tory platform. They claimed that if elected they would save the Canadian people half a billion dollars a year. Well, the Canadian people did not believe that; but I would have thought if the Tories were sincere in this claim when they returned to parliament each one would have stood up and suggested substantial savings totalling half a billion dollars to show that they were right. They have not mentioned it in the last three years.

Mr. Fulton: May I ask the hon. member a question?

Mr. Sinclair: Surely.

Mr. Fulton: Is the minister aware that the new-found colleague he has just welcomed into the Liberal party has supported the statement that substantial moneys could be saved by the appointment of a commission along the lines of the Hoover commission?

[Mr. Sinclair.]

Mr. Sinclair: My hon. friend knows that the hon. member for Moose Jaw-Lake Centre has had a long and extensive education since he divorced himself from the academic theories of socialism and embraced the practical verities of the Liberal government. At an earlier time in his innocence he may have swallowed the Tory propaganda, which the Canadian people did not accept—

Mr. Fulton: Answer the question.

Mr. Sinclair: —but he has learned a great deal since then.

Mr. Fulton: You say he is the kind of man who swallows propaganda, do you? That is a fine compliment for your new colleague.

Mr. Sinclair: I just want to go through some of the major items of expenditure. The sum of approximately $1¾ billion is spent on national defence. One of the most vivid impressions I have of my two and a half month visit in Russia is the fact that any Russian respect which exists is due more than any other single thing to the collective strength of the 15 free nations through NATO. Just because things are now easing up I think it would be a tragedy for any of the free nations to relax their defence efforts. We must, of course, meet half way every gesture of friendship which Russia makes, but we must certainly keep our defences up. I do not think any Canadian taxpayer would want us to reduce this expenditure at this time.

The second largest item of expenditure we have is for social security, a sum amounting to over $900 million, which is up from the $60 million spent by the federal government in the pre-war period. Old age pensions come under this heading. We remember, of course, that it was the Tory majority in the Senate which blocked the first old age pension bill brought forward by the Liberal government, but even the Tories have learned since that time that old age pensions have a value, and they would not cut old age pensions.

Concerning family allowances, we remember that John Bracken, then the leader of the Tories, thought this was a brazen political bribe. Premier Drew said he would fight this iniquitous legislation in every court of the land. But today the Tories, like the hon. member for Moose Jaw-Lake Centre, have learned and they support family allowances. I do not think they would want them cut to make more money for the provinces.

Other items are unemployment insurance benefits, pensions to the blind, disabled and health grants; in all these fields the demand

from both sides of the house is not for decreases but rather for increases; therefore there is no hope of saving anything here for the provinces.

As far as veterans benefits are concerned, another large item of expenditure, we spend almost one-quarter of a billion dollars a year in that field. Every hon. member without exception will say there should be no reduction of this expenditure for any other group in this country.

Debt charges is another major item. We spend over half a billion dollars a year in interest on our national debt; payments to the people of Canada, either directly to those who own bonds or indirectly because of their collective savings in insurance premiums and bank deposits. There is only one Canadian government in history that ever repudiated interest payments on government bonds. I refer to the Social Credit government of Premier Aberhart, but even they would not do that today, I think, so there is no hope of a reduction in this field.

The next category is that of payments to the provinces and municipalities, an amount of $390 million in the present estimates. Since we are today asked for increases in this specific field, there certainly will be no pressure for a decrease in this field of aid to the provinces.

That leaves about $700 million for all the other expenditures of the federal service, an amount which is about twice the pre-war level.

Everyone who sits in this house knows that we are constantly faced with requests for increases in this field, increases in the Department of Transport, in my own department, the Department of Fisheries, the Post Office Department and the Department of Mines and Technical Surveys and every other federal department. In fact we have been requested to intrude into fields that are solely under the jurisdiction of the provinces. Therefore there is not much hope of securing extra hundreds of millions of dollars asked for, by cutting down on present federal expenditures. As I mentioned, many hon. members even advocate us intruding into purely provincial fields with aid for education, roads, health and natural resources development.

A third suggestion was made by the Leader of the Opposition, that we take our surpluses and give them to the provinces. That would be a very uncertain way of financing the provinces. The minister of finance makes the most accurate forecast he can of future revenues. Sometimes it is high and sometimes it is low. If it is high we have a surplus and if it is low we have a deficit. I would not like to be a provincial treasurer who tried to forecast his budget of expenditures on the possibility of a federal surplus.

I feel that if we have a federal surplus we should continue to do what our very wise and able minister of finance, Mr. Abbott, did during the eight years he was the minister, reduce our debt with part of it and reduce the burden of taxation on the Canadian people with the other part. During his eight years in office he reduced our national debt over 20 per cent, by $2½ billion, with consequent savings in debt charges, and putting the rest of the money back in the hands of the taxpayers, thus giving them more money. The provinces themselves could tax for this money if they felt their needs were so great, rather than having us tax and pass the money over to the provinces.

A final suggestion was just lightly touched upon in the third speech made by the hon. member for Lethbridge (Mr. Blackmore) during the resolution stage. He reminded us that the Minister of Finance has the power to print money. Well, there may be some old line Social Crediters who think that is the solution, but I am sure that orthodox Tories like Premier Bennett, attorney general Bonner and Mr. Gunderson of British Columbia would be horrified at the thought of turning out a flood of printed money here to help them, because they know it would hopelessly debase the currency they already have.

Mr. Blackmore: Tell the truth for once in in your life.

Mr. Sinclair: I do not want to appear unfair. Perhaps he is not alone in the Social Credit party in requesting the printing of money for the western provinces.

I wish to turn now to British Columbia, since I am the minister from that province.

Mr. Knowles: There are two of you.

Mr. Sinclair: There are two of us now, that is quite right. Our first wartime tax agreement gave British Columbia $12 million. That was in 1942. That was more than we had ever been able to raise ourselves in this field of taxation. This year under the old agreement our province gets $50,715,000, which is four times as much as we got the first year. Next year under the new agreement we will get $55,430,000, which represents a 10 per cent increase over the previous year.

A very curious attitude is held by the premier of British Columbia and his Social Credit colleagues in the house. When facing British Columbia they declare that British Columbia has never been more prosperous.

They report that it has a huge budget of $280 million, and the highest per capita taxation and the highest per capita spending in Canada. The British Columbia budget was only $30 million the year before the wartime tax agreement came into operation. They boast of a surplus of $25 million this year, and proclaim that our province is going to be free of all debt in 1962.

But when they face Ottawa they have a very different story to tell. They tell us that British Columbia is poverty stricken and must have more money. They tell us Ottawa must help not only with tax dollars but that we must move into purely provincial fields such as education, highways, toll bridges, flood relief on a minor scale, and even assist their provincial railway. They tell us Ottawa has to help poor poverty-stricken British Columbia.

Mr. Patterson: You don't mind taking money from it.

Mr. Sinclair: We have a very clever cartoonist on the staff of the Vancouver *Sun*, a chap called Norris, who portrays with special skill the Victoria Conservative club and the Social Credit party. He has given an emblem to the Social Credit party. He depicts a wild bull with long horns. I think that should be changed. I think the premier would be well advised to take the old Roman god Janus with two faces as his emblem. If the Social Crediters were to adopt that emblem they could perhaps justify the fact that they talk one way facing British Columbia and another way facing Ottawa.

The new hon. member for Fraser Valley (Mr. Patterson) has just interrupted with the cry that we do not say how much money we have taken out of British Columbia. The Social Crediters publicly bemoan the fact that Ottawa takes hundreds of millions of dollars out of British Columbia and gives back only $50 million as a tax payment to the province. Their propaganda was so effective that last year even the editor of the Vancouver *Sun* fell for it and wrote an editorial along that line.

I am indebted to the hon. member for Moose Mountain (Mr. McCullough) of the C.C.F. group, who put a question on the order paper, No. 237(a), on June 20, 1956, in which he asked how much money the federal government collected in British Columbia and how much money it spent out there. According to this official return to the House of Commons, federal tax collections in British Columbia were $270 million odd while federal expenditures in British Columbia were over $355 million, or $85 million more than the federal government collected in that province.

More than that, this return points out that in this is not included central costs of government and of the national research council and our foreign service. That federal expenditure of $355 million in British Columbia was approximately $75 million above even the record provincial budget of $280 million. This talk by the premier and his followers has not deceived the people of British Columbia, nor has it deceived those who write the editorials for our leading newspapers.

The July 18 issues of both the Vancouver *Sun* and the Vancouver *Province* have splendid editorials commending these new agreements. I might note that the Vancouver *Sun* and the Vancouver *Province* have not been very friendly to this government in the last six months. The Vancouver *Province* says that we are standing in the middle of the road with these tax rental agreements, trying to make a good job of our federal responsibilities and helping the provinces to do their job. The Vancouver *Sun* points out that any federal tax increase to give more money to the provinces will have singularly little appeal to the ordinary Canadian taxpayer, for it is out of his hide that these taxes come. It says that the taxpayers would welcome another dominion-provincial conference, not as to see how to raise more money out of the taxpayers but to see how we can reduce taxes and put more money in their pockets.

I want to say this in conclusion. I hope when other opposition members speak they will be more helpful to my colleague the Minister of Finance by pointing out exactly how this federal government can get the extra hundreds of millions of dollars they are requesting for the provinces, and what tax increases they are ready to support to get these millions. It should be remembered that this frugal federal government has increased expenditures by only 5·5 per cent in the last ten years.

I have been rather hard on the opposition, but I should like to commend the speech made by one hon. member of the opposition, the hon. member for Cape Breton South. It was a wise and statesmanlike speech, in very marked contrast to the speech of his leader, the leader of the C.C.F. party. I have listened to the hon. member for Cape Breton South since I came to this House of Commons. He has a wise and sensible approach to the matters with which he is dealing, and no doubt it will not be too long before he also will be crossing the floor of the house to join the hon. member for Moose Jaw-Lake Centre.

Mr. J. Wilfrid Dufresne (Quebec West): Mr. Speaker, the bill submitted to the hon. members of the house for their consideration violates principles which are absolutely indispensable to the survival of this country. It gives a new interpretation, also temporary, to those principles which nevertheless have been clearly set out in the act of 1867. I am no expert in constitutional law, but I do know that all historians and jurists are unanimous in admitting that the constitutional provisions regarding the financial powers of the federal government and the provinces are extremely clear and precise. In the past when the interpretation of some of the provisions had given rise to any ambiguity they had been referred to the courts either by the federal government or by the governments of the provinces, and even in some cases by private individuals. The courts have handed down their interpretation, which has been duly accepted by jurists and politicians.

On this question of financial relations the federal government has adopted an attitude which to my mind is apt to be highly prejudicial to the future of confederation, whose very basis it is undermining. Since the Rowell-Sirois report there have been a very great number of proposals made by the federal government to the provinces. These proposals have been modified several times because of the criticism to which they have given rise throughout this country. Over this 20-year period all the provinces have in turn expressed their complaints with regard to a policy which leaves their future status highly uncertain. The time at my disposal does not allow me to quote each and every criticism offered on this score by politicians belonging to the main parties of this country, Liberals or Progressive Conservatives, members of the C.C.F. or Social Credit parties.

Each and every proposal submitted since 1937 is contrary to the democratic ideal. They run counter to sound political doctrine, and I am sure that most of the great political figures of the past would be most firm in denouncing them. In a speech which he delivered at Somerset on August 2, 1887, a few days after his appointment as leader of the Liberal party, Sir Wilfred Laurier stated:

> The principle whereby one government collects revenues and another government spends them is altogether false. It can only lead to extravagance.

This principle, denounced by a former leader of the Liberal party, is at the very basis of every financial arrangement entered into by the federal government and the provinces over the last 20 years.

A little later, at a time when Honore Mercier was preparing to call the interprovincial conference of 1887, Sir Wilfrid Laurier warned him against the danger of requesting an increase in grants from the federal government. He said:

> These successive increases in grants, carried out at random and disproportionately, really constitute a means of corruption in the hands of the federal government. All too often this increase in grants paid by the federal government has been little else but the payment of a bill rendered for political betrayal.

The former prime minister of this country and predecessor of the present Prime Minister, Right Hon. W. L. Mackenzie King, speaking in this house in 1930 said:

> When on a previous occasion we were discussing this matter of grants from one treasury to another, I said I thought it was an unsound principle; in fact, I think I used the expression that it was a vicious principle to have one body raise the taxes and another body spend the people's moneys thus raised.

Finally the Quebec Liberal newspaper *Le Soleil*, on February 13, 1947, published an article whose terms still hold true today:

> The nine sisters of confederation do not all share the same views on this problem. Six or seven would enjoy receiving financial assistance from the central government and would therefore be willing to renounce for a time claim to those powers of taxation claimed by it. Quebec and Ontario still seem firmly opposed to this plan. Their opposition is based on motives which are sufficiently convincing not to be taken lightly. Any concession is difficult to withdraw later, as has been amply demonstrated by recent experience.
>
> It would be well to remember that the present attitude of the Hon. Maurice Duplessis and Colonel George Drew resembles that formerly adopted by some of their Liberal predecessors. Matters settled by compromise often present both advantages and disadvantages. In the case we are dealing with today, the main cause of the problem is to be found in the federal government's haste to create new provinces whose natural resources are too restricted. They soon found themselves in difficulties either by reason of administrative incompetence or as a result of insufficient revenue. Their situation was further aggravated by the practice of extensive immigration also attributable to the central authorities. There is nothing to justify the statement that such errors will not be repeated. Those conditions make it readily understandable that the defenders of provincial rights should be cautious before being drawn into a project leading to the centralization of powers in the hands of federalists . . .

Such evidence, to which hundreds of other statements could be added, is sufficient to prove that the very principle of these proposals is absolutely false and contrary to the democratic idea. The government collecting the revenue must spend it to fulfil the obligations imposed upon it by the constitution. It is nonsense that a government should collect revenue for the purpose of distributing it to other governments. That is a practice contrary to a principle for which our forebears fought, namely no taxation without representation.

Secondly, to my mind such a policy tends by nature to disrupt the harmony which must exist among all provinces in the Canadian federation. In 1942 a number of provinces felt that they were wronged by the federal proposal. In 1947 other provinces expressed the opinion that they were not treated with justice. This year the same protests are to be heard. This year we even witnessed a meeting of the four Atlantic provinces who wish to join hands for their mutual help and the protection of their interests.

We are witnessing the slow but undeniable formation of a bloc of provinces within confederation. Instead we should have ten provinces closely united and working together for the progress of Canada, with the full co-operation of the federal government. Unfortunately the policy of fiscal agreements will not achieve that unity, because there will always be one or other of the provinces that will feel wronged with regard to its rights, and that is precisely what makes the position of a province like my own extremely difficult in the face of such a problem.

The Quebec government is certainly to be commended for having kept the discussion well above private interests and political expediency. Above all, the position of the Quebec government is a juridical one based upon the soundest constitutional theories. The province of Quebec earnestly wishes to preserve the rights and privileges it was granted by the act of 1867. The province of Quebec is opposed to bargaining, and does not believe that this is a matter to be assessed in dollars and cents. Besides, Canadians of French expression believe this problem affects the rights and privileges they were granted by the act of 1867 and, if we consider the history of financial relations between the federal government and the provinces since 1941, we cannot evade the conclusion that they always endeavoured to safeguard the essential rights of confederation.

Mr. Speaker, you know what the attitude of the Quebec government was in 1937 in the face of the problems set out by the Rowell-Sirois commission, and you know that at the federal-provincial conference of January 14, 1941, the provinces of Ontario, British Columbia and Alberta were squarely opposed to the implementation of the recommendations of the Sirois report, claiming that that was a peacetime document tending to ruin provincial autonomy. The province of Quebec remained neutral in that discussion and, in April of the same year, the federal government gave up the consideration of the Rowell-Sirois report to ask the provinces, as a provisional arrangement and only for the duration of the war, to vacate the personal and corporation income tax fields. In return the federal government offered to indemnify the provincial governments. As a matter of fact, in the period from September 1, 1941, to 1946, the province of Quebec received slightly more than $102 million, or $20 million a year, to allow the federal government to collect the sum of $2,258 million.

In August, 1945, the federal-provincial reconstruction conference was held in Ottawa. In the course of that conference the federal government made to the provinces proposals similar to those contained in the Rowell-Sirois report, but those proposals were a little more generous. In January, 1947, the government at Ottawa submitted a new proposal for grants which was to serve as a basis for the agreements of 1947. Two provinces, Quebec and Ontario, rejected those proposals. Those two provinces reorganized in part their own systems of taxation and levied a new tax of 7 per cent on corporation income. From April 1, 1947, to March 31, 1952, the province of Quebec would have received, had she signed the agreement, a sum of $378,175,000 and during the same period Ontario would have received $444,688,000.

In December, 1950, the provinces met again in Ottawa to discuss the renewal for 1952 of the fiscal agreements of 1947. On the whole the provincial premiers declared themselves in favour of a renewal of the agreements. The premier of Quebec, Hon. Maurice Duplessis, stated however that, generally speaking, he disapproved the substitution of a system of federal grants for the fiscal powers essential to democratic governments. The premier of Nova Scotia, the late Hon. Angus L. Macdonald, whose government had signed the agreements of 1947, spoke to the same effect:

> I do not believe this problem can be met by means of grants. I repeat what I have so often said, namely that the ideal solution would be to divide the responsibilities of the governments and give each of them the necessary sources of revenue to discharge their responsibilities. That is the ideal. I do not know whether we can achieve that end now or later, but it is the end towards which we should strive. Under the circumstances, grants evidently do not appear to me to be the solution.

During the months that followed negotiations continued between the federal government and the provinces, and finally, in 1952, nine provinces decided to sign with the federal government a fiscal agreement for a period of five years. Quebec was the only province that refused to accept the federal grants.

Yet, owing to its fantastic development, the province of Quebec needed additional revenues. In February, 1954, the legislature decided to levy a tax on personal income. That tax amounted to approximately 15 per cent of the federal tax. Such a step was

extremely democratic, because the people of Quebec could accept or reject the government's decision. In fact during the month of June last the electors of the province of Quebec gave a new mandate to the Union Nationale administration and increased its membership in the legislature. I greatly rejoice at the turn of events, which proved to the whole nation that in my province the democratic ideal is still stronger than in any other part of the country. The province of Quebec has not feared to practice the principle of no taxation without representation for which our forefathers fought. It has not feared to base its decisions and actions on that principle.

Today the federal government submits a new series of proposals which would remain in force until 1962. Those proposals are intended to replace the fiscal agreements which will expire next year. In my opinion they are a little less drastic than the previous proposals, and they seem to take into account a little more than in the past the fact that it is a matter of renting provincial rights. They are also more generous because they do not compel the provinces to sign agreements, even of a temporary nature, with the federal government. The signing of a temporary agreement on provincial rights is surely the equivalent of a renunciation, and no government conscious of its responsibilities is happy to abandon its rights and prerogatives.

However, those proposals stem from the same centralizing trend noted in the recommendations contained in the report of the Rowell-Sirois commission. True, the amounts proposed are much more generous than those recommended by the commission which inquired into the fiscal relations between the federal government and the provinces. If we took only that fact into consideration we could say that the provinces acted wisely in compelling the federal government to give them increasingly larger sums over the years. However, the main weakness of that policy is the fact that nobody knows whether those agreements are of a temporary or permanent character. A period of five years is a very short span in the life of a government; in my opinion we must necessarily deal with longer periods.

Those responsible for the federal administration have maintained for almost 20 years that these agreements were temporary, that is, limited to a certain number of years. This may mean that if an emergency arose the federal government could end such agreements, keeping to itself the full tax revenues. That is the interpretation put on those proposals by some public men. Others, on the contrary, feel that these agreements are in fact of a permanent nature even if they are modified every five years. They certainly are permanent in peacetime and such, I believe is the true interpretation of all the discussions which have been held on that matter for the last 20 years.

There is no doubt, however, that this system of grants creates uncertainty in provincial quarters, since the provinces do not know whether or not in fact such agreements are permanent or temporary. No one can settle that matter; only the future will tell. Provincial governments carry very heavy responsibilities, especially in this period of economic development and prosperity. Their commitments in the fields of education, welfare, public works and natural resources development are burdensome. They have very heavy responsibilities, as all of them must undertake important projects of a permanent nature for the implementation of which their revenues are inadequate and which must necessarily be paid for through borrowing. I wonder what would happen if a provincial government were to try to borrow from lending institutions a huge sum of money on the guarantee that it would repay such loans out of federal grants. I am almost sure that the financiers would ask how the government intended repaying the loan should an emergency situation arise in Canada. It is the uncertainty of such a policy which, I believe, causes uneasiness among provincial governments.

I am convinced that the most logical and most simple attitude would be to go back to the very words of the act of 1867 and take them as the basis of our policy. It is at least the opinion of the government of the province of Quebec. I take the liberty of recalling that opinion by quoting an excerpt from the brief submitted by the Quebec government to the Rowell-Sirois commission. In fact the stand taken by the province of Quebec is neither complicated nor equivocal. I quote:

> In its opinion, confederation is a pact voluntarily accepted and which can be modified only through unanimous consent. The province intends to respect every clause of this pact and expects others to do likewise.
>
> It is at the same time a form of government freely chosen in preference to legislative union, as it can better ensure the protection of the minorities and national development in peace and harmony. That choice was made after careful consideration by statesmen of the two great races and of the two political parties, by statesmen whose unquestionable vision and perspicacity were not obscured by the confusion of a troubled period. The province of Quebec believes that that system is still the best to meet the needs of a large country made up of different races.
>
> In the last analysis, the province of Quebec is willing to co-operate in any endeavour of common interest provided it does not conflict with provincial rights; to help in the implementation of any appropriate and reasonable reform within the framework of the constitution and, generally

to work hand in hand with the federal government and other provincial authorities towards the welfare of the nation as a whole, provided the rights of all concerned are respected.

It is a clear and definite stand. The province of Quebec does not wish to take unfair advantage of the difficulties of other provinces. It has always placed that problem above political contingencies and party interest, on the level of principles, through respect for confederation and responsible government.

The other day, Mr. Speaker, the hon. member for Hull (Mr. Caron) was deriding provincial autonomy and from the bottom of my heart I pitied him. I pitied him because in the discussion of this matter he could not rise to the true human values. He could not understand that his province had sacrificed grants of millions of dollars out of respect for the rights won by our ancestors. He could not understand that his province could remain faithful to the past, to the memory of those who fought so that we might enjoy freedom. He could not understand that the real political problems are not money problems but questions of principle. He could not understand that in defending these principles his province remained the bulwark of Canadian confederation.

The people of my province, even though they have launched a campaign to attract industries, are a generous people, a people capable of fighting anew for responsible government and in the defence of minority rights. Our forebearers turned down the money and honours of their victors in 1760, but fought 30 years later to preserve the colony for the English crown. The hon. member for Hull should remember history and also keep in mind the sorry record of Adélard Godbout and Georges-Emile Lapalme. They too had forgotten history but they found that the people of Quebec remember the past and want to be faithful to their traditions. The hon. member for Hull should help his party come back to the letter and the spirit of confederation. His constituents would be most grateful to him if he did.

Mr. Raymond Bruneau (Glengarry-Prescott): Mr. Speaker, for some time now this house has been engaged in a debate concerning federal-provincial relations. I now propose to deal with this subject from the historic, constitutional and economic points of view.

At the time of confederation Sir John A. Macdonald, father of the Conservative party and its greatest man, was in power. A cursory glance at the report of parliamentary proceedings between February 3 and March 14, 1865, suffices to enlighten us on what this great leader had in mind at the time. He was careful to state that he would much have preferred a legislative union wherein all powers would have been concentrated in a single central government and that if he gave up that idea it was only because he realized that confederation would have been impossible under such conditions.

While he had to give up his ideal, Sir John nonetheless stated that confederation should take the form of a centralized federal system so that, unlike what had taken place in the United States, or unlike what was to take place later in Australia, residual powers would be left to the federal government, provincial powers, as set out in a moderate list, being essentially those of a local or private nature and adapted to the position of the provinces as Sir John saw it. The federal government would have the power to designate provincial lieutenant governors or to revoke such appointments. Moreover, the federal government was empowered to disallow or set aside legislation passed by provincial legislatures within the year following their adoption.

Even to this day it is not without some surprise that we note the very few difficulties and little discussion to which this distribution of powers between the federal and provincial governments gave rise. Sir John A. Macdonald's explanation was that the delegates had understood the necessity of setting up a strong and powerful central government.

Obviously our political situation has changed a great deal, and for the better, since 1867. To whom do we owe this? First of all to the supreme court and the privy council who, in their interpretation of the constitution, have set things rights by clearly stating the rights of the provinces, by virtue especially of that clause relating to property and civil rights.

It may be of interest at this point to remind the house that in 1867 Hon. Mr. Mercier tried to have the constitution amended to the provinces' advantage, but without reference to the federal government. In that year Mercier, who was then provincial premier, called the first interprovincial conference which met in Quebec from October 20 to 28, under the chairmanship of Oliver Mowat, then premier of Ontario. This conference was attended by the premiers and other representatives of five provinces, that is Ontario, Quebec, Nova Scotia, New Brunswick and Manitoba. Federal representatives had also been invited to attend, but Sir John A. Macdonald declined the invitation on behalf of the government.

The 18th resolution adopted by this conference reads as follows:

That, in the opinion of this conference, the various provinces of Canada, through their respective legislatures should, as soon as possible, take such steps as may be required to obtain from the imperial parliament amendments to the British North America Act consonant with the above resolutions.

As was reported by Professor Norman Rogers to the select committee on the British North America Act, a member of which at that time was the present provincial minister of finance for Quebec:

The conference also decided that those resolutions should be transmitted officially to the federal government in order to request its help in bringing about the amendments which were the subject matter of those resolutions. Sir John's federal government refused to support the proposed amendments. However, the resolutions were transmitted through the ordinary channels to the secretary of state for the colonies, who Mr. Rogers said, officially acknowledged receipt of the resolutions but took no steps concerning them.

It would take too long even to summarize all the resolutions but I should like to quote a few brief excerpts.

Thus, it is stated in the preamble that:

. . . the maintenance of provincial autonomy is necessary to the future well-being of Canada; that, if that autonomy is to be maintained, it is obvious that the constitutional act must be revised and amended.

The following significant words are also to be found:

. . . that several provinces are not in a position to provide, by means of direct taxes or otherwise, for the increase in necessary expenditures and have from time to time requested from parliament and the federal government an increase in the amount of the annual subsidies.

Oddly enough, nowhere was it deemed advisable to request a new distribution of taxation powers in these long and numerous resolutions from the provinces, in which several amendments to the constitution were sought. Not only that, but it seems that the provinces never considered as a threat to their autonomy an increase in their subsidies. They even went further; and mind you, they were the ones who had provincial autonomy at heart. They passed the following resolution:

That, in the opinion of this conference, it is possible to find a basis for the final and unalterable settlement of the amounts payable annually by the dominion to the various provinces for their local purposes and the maintenance of their governments and legislatures.

And the "final and unalterable" amount proposed, should the population exceed at some time one million and a half, was $240,000. Compare the amount proposed with that offered today by the federal government, keeping also in mind the fact that the proposals made today by the federal government are not for a "final and unalterable" amount. They do not involve final agreements, but rather five-year agreements which are moreover subject to review.

Today's problem of federal provincial relations dates back to the financial difficulties experienced by several provinces during the depression years of 1930 to 1935. At that time the western provinces, unable to meet their obligations because of the drought and the fall in the prices of agricultural products, were on the brink of bankruptcy; and all across Canada unemployment placed an intolerable burden upon local governments. The federal government had to give temporary financial assistance to Alberta, Manitoba and Saskatchewan. It had also to take over the task of solving the unemployment situation as best it could. The Rowell-Sirois commission was appointed in 1937 to study this urgent problem and, without going into details, it may be said that the present agreements are the results of the commission's recommendations.

The commission had, in effect, recommended (a) exclusive federal jurisdiction in the field of personal income tax, of corporation income and of succession duties; (b) full federal responsibility for unemployment; (c) acceptance by the dominion of charges entailed by provincial debts; and (d) payment of subsidies by the federal government so as to put all provinces in the position of providing average provincial services without having to increase the incidence of taxation.

The federal government has since then accomplished more than was recommended in the report, and has done all in its power to come to an agreement unanimously acceptable to the federal government and to the provinces. Far from assuming a rigid and arbitrary approach, as was claimed by some for political purposes, it has on several occasions compromised with the provinces and accepted their suggestions.

I leave now the historic aspect of the question to deal as briefly as possible with its constitutional aspect and, finally, with its economic aspect. Let us see what the constitution has to say in the matter. I shall just read out—without changing anything, of course—part of the text of sections 91 and 92 of the British North America Act of 1867: First we have section 91, which says in part:

. . . the exclusive legislative authority of the parliament Canada extends to all matters coming within the classes of subjects next hereinafter enumerated; that is to say:

3. The raising of money by any mode or system of taxation.

Then section 92, saying that:

> In each province the legislature may exclusively make laws in relation to matters coming within the classes of subjects next hereinafter enumerated; that is to say,—
>
> 2. Direct taxation within the province in order to the raising of a revenue for provincial purposes.

What do these paragraphs mean? They mean exactly what they say. First of all, the federal government has the exclusive right to tax, by any method or system it chooses, either direct or indirect, and that only for their own provincial purposes may the provinces resort to direct taxation.

Indeed, were the federal government to exceed its powers, either in levying income tax or succession duties, what would happen can easily be imagined. Thirty-five years ago, that is in 1917, the Conservative party introduced the federal income tax. Is it possible that during this long period, from 1917 to 1952, no provincial government, no individual taxpayer would have raised the so-called unconstitutionality of this act in order to have it declared ultra vires and unconstitutional? Everybody knows that such an argument is absolutely groundless. I need not stress the point any further. There is obviously nothing in this to prejudice provincial autonomy, no more now than in 1917, when the law was first introduced by the Conservative minister of the day, Sir Thomas White.

Whatever may be said today, nobody could convince us that the tax rental agreements between the federal government and the provinces are contrary to the spirit of the constitution, or an encroachment upon provincial autonomy. Is this not the very same sort of agreement that Ottawa concluded with all signatory provinces? Are these agreements not clear and definite? They are in black and white, and anybody who can read should be able to realize it. Are they not strictly and absolutely fair? In other words, is not the federal government guaranteeing each province an amount which not only is equal to the amount of taxes the provinces are losing, but is even more substantial?

The federal government is in no way encroaching upon this provincial field, because under the very terms of those agreements royalties and rights concerning their natural resources are levied and collected by the provinces themselves who also collect income tax on mining or forestry operations. Anyone doubting it has only to read, *inter alia*, section 3 of the agreement between Canada and British Columbia signed on July 10, 1952. All agreements signed to date have in effect been signed for a period of five years. The fact is that several provinces have been so satisfied with these agreements that they hastened to renew them when they expired.

It has been argued that the effect of these agreements is to place the provinces under the control of the dominion. I believe this argument is quite wrong. Let us not forget that at the time of confederation and during the following years, the federal subsidies represented over 50 per cent of the revenues of the provinces. Let us not forget either that the provinces have constantly asked for increased subsidies, so that in 1907 the federal parliament had to apply to the imperial parliament to have the British North America Act amended in order to increase the subsidies paid under the constitution.

As Dr. Skelton stated before the committee on the British North America Act:

> . . . the dominion recognized that, in its opinion, it was appropriate to prevent any further claims on the part of the provinces, and by dealing directly with the provinces and by using the official amendment procedure, it was aiming at giving the arrangement a more or less permanent nature.

And Dr. Skelton added:

> Its efforts are fruitless.

It is well known, of course, that numerous and reiterated requests have been made during the past 45 years, requests which have not all been without results, for the subsidies to the provinces have been increased many times since then. The provinces spend about $1 billion annually and collect, in taxes or otherwise, practically the same amount since the deficit is some $85 million. As far as the federal government is concerned, its expenses will amount this year to approximately $4½ billion, and taxes provide just about that amount. Those expenses seem enormous, and they are, since they are $1 billion more than in the previous year and $2 billion more than in 1950. But let us not forget that close to half that amount is spent for national defence.

In other words, because of the international uneasiness resulting from Moscow's attitude and because of the necessity of putting a stop to the advance of communism, 45 cents out of every federal tax dollar goes to ensure the country's security. It is all very well to talk against communism, to fight it in our very midst, but we must go further and prevent it from spreading to the rest of the world. Some sacrifices are necessary and inevitable if we are to safeguard the greatest of our treasures, which is freedom, and especially freedom under our Christian system.

Let us add to that another $1 billion for social security, old age pensions, pensions

to veterans, family allowances, etc., that whole program which the federal government undertook to implement and which it has actually implemented under agreements with all of the provinces. Let us add about $440 million interest on a national debt incurred almost entirely during the two great wars. Finally let us add $300 million paid annually to provincial governments in grants or under tax rental agreements. That leaves only $700 million for all other services combined.

Now let us consider whence these revenues are derived to meet these extraordinary expenditures; what sources of taxation produce these revenues. A government, to remain in power, must levy fair, equitable and well balanced taxes. Income tax is the main pillar of the whole structure; it brings the federal government more than $2½ billion, divided just about evenly between personal and corporation income taxes. The amount levied through income tax therefore corresponds to our defence expenditures and part of our social security expenditures. Another $1 billion of national revenue is derived from what I would call domestic taxation on commodities, that is the 10 per cent sales tax paid by manufacturers to which, in several cases, is added a special 15 per cent excise tax, and the very high taxes on alcoholic beverages, beer, wine and cigarettes. Over and above all these we have customs duties which yield from $300 to $400 million, and succession duties which, although they yield no more than $30 to $40 million, are most useful in certain cases as a means of controlling income tax.

I have said enough to start drawing conclusions, the main one being that the federal government cannot give up direct taxation, and income tax in particular, without giving up its whole national defence and social security program. It is inconceivable that the provinces should take over national defence; not only would this be ultra vires, but it would cause chaos and anarchy. Neither is it conceivable that the dominion should give up nor that the provinces should take over the entire responsibility for social security, a responsibility which the federal government assumed at their request; a responsibility which, as I said, cost $1 billion and which would double every provincial budget. Except for Quebec and Ontario, such an arrangement would in no time bring ruin and bankruptcy to all the provinces, even if the income tax were returned to them.

What, then, is the solution? For the moment there can be no other than the status quo, with the compensation provided for under temporary tax rental agreements.

Do the tax rental agreements really infringe upon provincial autonomy? Ever since confederation grants have been paid under the constitution. At first these grants were proportionately higher than they are today, accounting for more than half the provincial revenues. But no one ever complained, nobody ever asked that they be withdrawn; on the contrary, every one of the provinces without exception constantly endeavoured to have them increased. They are hardly justified today in saying, "Stop handing out federal grants and let us levy more taxes". So we may safely say that federal grants do not infringe upon provincial autonomy.

Federal tax rental agreements are voluntary and temporary. No province is under any obligation to sign an agreement, and when it does so it is only for a fixed period of time. Proof that the agreements are beneficial to the provinces may be found in the fact that several of them, when the agreements expired, felt the need to renew them and actually did so. Far from encroaching upon the provincial field, the agreements guarantee and safeguard provincial autonomy.

The fact that the federal parliament levies income tax does not deprive the provinces of their right to do so. But it is easily seen where this would lead. What would happen if 11 governments resorted to the same taxation? Is it not more reasonable, fair and economical to have but one collecting body, which then passes on to the provinces their rightful share on a per capita basis?

From the point of view of distributive justice, Canada's wealth being mainly centred in Ontario and Quebec where the more important corporations have their headquarters, and considering the fact that the other provinces contribute their share to the development of such corporations, that our first allegiance is to Canada and the fact that the prosperity or poverty of one part affects the country as a whole, is it not fair and just to have our income tax centralized and then distributed, as I said, on a per capita basis?

I sincerely believe that the federal-provincial tax agreements can but strengthen our federal system. Such agreements guarantee each provincial government a sound financial basis and full freedom of action, as well as complete autonomy in relation to all matters which, by virtue of our constitution, come within its jurisdiction.

Mr. B. R. Leboe (Cariboo): Mr. Speaker, in speaking for a few moments concerning Bill No. 442, which is generally referred to as the federal taxation agreement bill, I would like to preface my remarks by quoting from the words of the Minister of Finance as found at page 5990 of *Hansard*. I would like to

read this into the record at this point because I intend to refer to some of the comments that have been made here by the minister. The first quotation is as follows:

> During the past 15 years, with the consent and often at the urging of the provincial governments, the federal government has taken on heavy expenditures, for objectives which have not been considered, traditionally or constitutionally, federal responsibilities. I think particularly of those in the field of social welfare where payments for unemployment insurance, family allowances, old age pensions and assistance and like measures now cost us close to $900 million a year, and this is constantly rising. In addition, we have commitments to the provinces in health, trans-Canada highway, university and vocational grants, among others, that add substantially to our costs.

Further on in the minister's speech he mentioned a program of hospital insurance and said:

> We have further agreed in principle to assume costs in connection with a national health insurance program that could easily total over $180 million in a year. Both these are constitutionally the direct responsibilities of the provinces.

Further on in his address the minister said:

> I think it becomes quite clear that there is a very practical limit to our ability to dispose of our revenue sources and it is our view that this limit has been reached under present circumstances with these proposals at this time.

What I have in mind, Mr. Speaker, is that I think we have lost sight of the point that the federal government in its taxation policy has taken to itself a large portion of taxes, and has not returned sufficient of the moneys collected to the provinces for the particular items the minister has cited as being constitutionally the responsibility of the provinces. One way in which that matter could be settled very easily would be to turn the money back to the provinces and let them deal with it.

I agree in principle that there should be some legislation which would provide fiscal arrangements to equalize payments as between those provinces which have a great deal of natural resources and those provinces which have fewer natural resources. I think that is right in principle and, as a matter of fact, as I recall it the premier of the province of British Columbia reiterated that statement in his presentation to the government on December 14, 1952.

I think it is unfair to deplore the fact that the provinces are making demands on the federal government. The only reason for the provinces making demands on the federal government is because the federal government has already taken the money from the provinces, and they want back more money than they are presently receiving. To put forth the argument that there are provinces asking for help and therefore we have to go out and increase taxation is simply putting the cart before the horse. What we have to face up to is that the federal government collects the money and it is the duty of the provinces, as it were, to try to get back their fair share.

I go along with those who say that we should avoid as much as possible duplication of taxation. I think that is only common sense; but I must say again that I do not agree with the idea that when the federal government collect money they alone have the sovereign right to spend that money. I agree that there have been compensatory payments to the provincial governments, but those governments feel that those payments have not been enough. I think the minister pointed out in his statement that this is true. He said that the federal government have found themselves paying out money and instituting things which are constitutionally the responsibility of the provinces. That being the case then the federal government, rightly or wrongly—I am not arguing the point—have certainly found themselves in the position of holding the purse strings while the provinces find themselves in the position that they must come to ask for assistance because the money has been taken from them.

Some reference was made by the minister to the responsibility of the federal government as a unifying force. Referring to the federal and provincial governments the minister said, as reported at page 5987 of *Hansard* of July 16:

> Each has its own assigned responsibilities, but it is the federal government that must provide the unifying force that makes a nation out of what would otherwise be a confederacy of the loosest sort.

The question which arises in my mind is how good a job has this government been doing, when we find across Canada echoes of discontent in the matter of provincial-federal relations. If this government is going to provide that unifying force there must certainly be ultimate co-operation on the part of the federal authority. Every means must be taken to get the provinces to come and work out something which will be mutually satisfactory to all concerned. I do not for a moment consider that Bill No. 442 is going to help in creating that unifying force in Canada. The reason I say that is that Bill No. 442 seems to be a mould into which this government expects the provincial governments to fit. If that sort of thing is considered by this government to be a unifying force, then I cannot agree with it.

Where is the financial policy of this government going to lead us in the field of social services? As I said before, I am not arguing

the point as to whether the federal government should or should not be in that field. The thing that is important is the fact that the federal government's financial policy has led to a 47 per cent loss in the purchasing power of recipients of social assistance, and this is also true of pensioners and those who invested money years ago in annuities. It is my opinion that the present thinking in Canada is that it is the responsibility of the federal government to bring those who have been thus adversely affected by federal financial policy to a position where they will have the same purchasing power they had ten years ago. That would mean that all recipients of social assistance, all pensioners and those living on annuities would have their particular funds brought up by 47 per cent.

Of course the first thing we will hear echoing across the country is that that would be inflation. I do not agree that that is necessarily so. In the first place, such an increase of purchasing power could be distributed to those people by the creation of money by the Bank of Canada, just as the ordinary banks create money needed for lending to industry or for other purposes. If this money were created by the Bank of Canada for the government it should be spent into circulation by increased payments to recipients of social assistance and those who are on pensions and annuities.

The money so created and issued to the government and sent into circulation in that manner would find its way as cash payments to the retailer, which would be reflected into the business of the wholesaler and the manufacturer. In many cases the manufacturer would then be able to pay off a certain percentage of his bank loan and having done so, the money would go out of existence at that point. Any time a person pays off a bank loan that amount of money goes out of existence and reduces the over-all money supply of the nation by that amount, just as borrowing money from the bank increases the money supply.

I submit that there is no reasonable ground to believe that this is going to cause inflation. What it does mean is that these people who to my mind are the responsibility of the national government in this respect, because it is the national government that has control of monetary and financial policies in this country, would have their purchasing power brought up to where it was ten years ago. If the financial policies of this government have robbed our people of 47 per cent of their purchasing power it should be the duty of the government to bring back the purchasing power of those people to where it was ten years ago. Not only is it a moral obligation, it is the duty of the government so to do.

Let us suppose it is fair to say that higher prices are caused by the demands of people in the lower income brackets and are not caused by there being a greater demand than supply. As I have looked over the picture in Canada and studied it I am convinced, whether or not any other hon. member is or is not convinced, that it is not the matter of supply and demand that regulates the prices of commodities today, it is the cost of the article that is produced which regulates the price and therefore affects the purchasing power of the people and the taxation which will follow in its wake.

If that is true, then placing increased purchasing power in the hands of the wage earner, which is the only way they can increase their purchasing power, is bound to push up prices. If it does push up prices then we are going to find ourselves faced with increased credit buying. Credit buying in this country—or consumer credit, as it is called—has reached an all-time high. If I might quote a prominent banker, I would say it is a dangerous situation in the nation today. That being so, our job must be to supply the purchasing power to these recipients of social assistance and bring them up to a reasonable standard of living. I pointed out how this could be done, and I feel that it is our responsibility to look at the situation realistically. I mentioned a few moments ago that this purchasing power in the business cycle would tend to reduce the amount of credit buying—

The Acting Speaker (Mr. Applewhaite): Order. I hesitate to interrupt the hon. member because this debate has, I know, covered a very wide field over federal-provincial fiscal matters, but I am sorry that I am one who is finding it a little difficult to connect the hon. member's line of thought with the federal-provincial tax agreements which are the subject of the bill. I am going to ask him if he will please make that connection so that I and the rest of the house may follow it.

Mr. Leboe: I shall do the best I can, Mr. Speaker. Though not an expert, I certainly will do all I can to co-operate with you in that regard. If I could be allowed a moment to explain what I was trying to do, it was to show where the government could get some money without getting it out of the taxation field at this time, by monetization which would reduce taxation and cause benefits to both federal and provincial governments, thereby making the agreements between the federal government and provincial government much easier to reach.

If I have associated my remarks with the agreement in that respect I shall give you the idea at least of what I was trying to get at.

It follows also that such a policy would mean that the people would be able to participate to a greater degree in the development of their own country. When we speak about the development of our own country we are certainly talking about the tax field.

If I may be permitted, I suggest that a courageous provincial government that is stepping out in the development of its natural resources is certainly going to make a more favourable tax field in which the federal government is going to participate. Such a government that is stepping out and creating a favourable tax field would certainly cause a financial vacuum to appear in that field, and a financial vacuum appearing in the field would have to be filled.

If our tax structure, either at the provincial or federal level, is such that there are no Canadian savings brought about, we are going to find that far more foreign capital from the United States, France, Great Britain and other places is going to come into the provinces to fill that vacuum. One of the things that stands behind the anxiety of the provincial government over the development of its natural resources is the fact that salaries and wages will not release enough money to buy back the thing that is produced. That being so, extra dollars that are added to the money supply of Canada from outside investment certainly supplement the purchasing power of individuals within that province enabling the people to consume 100 per cent of its production and thereby be in a better position as well to pay the taxes, municipal, provincial or federal, that are levied upon those individuals.

On the matter of development, the *Monetary Times* for the month of July, 1956, has a special report on British Columbia, and I should like to quote very briefly from this magazine:

> British Columbia smashed business and industrial records right and left in 1955—and will do it again in 1956.
>
> That's the economic picture in the province that claims the fastest growth in Canada; the forward-striding giant of the west which looks on today's record expansion as a mere stepping stone to future greatness . . .
>
> Production records tumbled like ninepins in 1955; capital flowed into B.C. from the rest of Canada, from the United States and Europe.

This certainly creates a more favourable tax field for both the provincial government and the federal government, but with this development come many responsibilities. Some of them have been mentioned here today, and I shall run over them briefly:

[Mr. Leboe.]

education, roads, highways, bridges, social services, municipal aid and debt reduction. Those are the responsibilities, and it is not my purpose here to go into them in great detail and quote vast amounts of figures and statistics. All our departments, whether provincial or federal, have access to reams and reams of statistics which have been used in judging what is best to be done in their particular fields.

I just want to mention one reference, in closing, to the statement that has been kicked around in this house for some time with regard to a strong central government. To my mind the emphasis on the word "strong" has been put in the wrong place. The emphasis by the statesmen in the past regarding a strong central government has not been, as I see it, on their ability to collect taxes, their ability to give orders and their ability to do other things of that nature, but I think that their meaning of a strong central government is one that is strong in character and strong in justice.

Mr. J. W. Monteith (Perth): We in the official opposition are not in favour of the present proposal to return to the provinces something in the neighbourhood of $653 million. It just is not enough. We feel that the federal government is approaching the whole question of federal-provincial agreements in an improper frame of mind. It is obvious that the Minister of Finance feels that anything returned to the provinces is a cost to the federal purse. That is not so, as the provinces have as much right in the field of direct taxation as has the central power.

In actual fact the federal treasury should have been returning more funds to the provinces over the past several years. It then would have been possible for the provinces to undertake more of those projects which are their responsibility and expand greatly such things as highway construction, educational facilities, and hospitalization. Whilst provincial aid to municipalities has multiplied over the past 10 years or so, such aid could have been greater, and municipalities need not have become as financially hard-pressed as they are today.

Earlier today the hon. member for Eglinton dealt with the over-all picture in Canada as related to these proposed agreements. The hon. member for Quebec West dealt with how they would affect his province. I propose to get down to the very grass roots level of these agreements and how they will affect such level. I propose to support my argument by reference to some startling statistics concerning my home city of Stratford. What

has happened in Stratford has happened in varying degrees in practically every other municipality in Canada.

In 1945 the school tax rate was 11·6 mills. In 1955 it was 26·2 mills, an increase of 14·6 mills in the 10-year period or approximately 126 per cent. In 1945 all other taxes were at a rate of 27 mills. In 1955 they were at a rate of 44·5 mills, an increase of 17·5 mills or almost 65 per cent. There has been an over-all tax rate increase in that 10-year period of 32·1 mills, to a rate for 1955 of 70·7 mills. This represents an increase of something over 83 per cent. May I also point out that there is a further increase of 4 mills in 1956, bringing the current year's total rate to 74·7 mills.

I should like to illustrate just what this means in dollars. In 1945 the total tax levy was $563,000. In 1955 it was $1,335,000, an increase of $771,900. In other words the citizens of Stratford paid over 137 per cent more actual taxes in 1955 than they did in 1945.

Let me say a word concerning the actual financial assistance received by the city of Stratford from the province of Ontario during this period. In 1945 the amount was $85,554 and it was earmarked for educational purposes only. I do not have the figures at hand for 1955 but the total to be received in 1956 is $288,832. As the amount received for welfare from the province is not at the moment available for the year 1945, I am going to deduct the amount to be received in 1956 from the above mentioned figure of $288,000 odd so it will be comparable, and by so doing I arrive at a provincial rebate this year of $273,232. This is an increase in eleven years of $187,678. In that period the provincial payments to Stratford have more than trebled. It is an increase of more than 210 per cent.

A moment ago I mentioned that the 1956 over-all tax levy is 74·7 mills. To meet the same commitments the city would of necessity have to have a rate of practically 90 mills this year if it were not for the provincial help I have mentioned. At this point I should like to congratulate the mayor, the members of the city council, the industrial commission and the chamber of commerce, who have all worked together so co-operatively in an endeavour to bring industry to Stratford, and how this affects Stratford is also of importance. It has assisted in increasing the over-all assessment of the municipality by something in the neighbourhood of 33 per cent during the last ten years. In that 10-year period the population has increased by slightly over 14 per cent. There have, however, been the costs involved in providing facilities for these new industries and citizens. Let me stress the fact that an increase of population of about 14 per cent must mean the raising of more dollars to the extent of more than 137 per cent, despite help being received from the province of Ontario which is greater by 210 per cent than ten years ago.

The net debenture debt of my home city has increased from $479,152 at the end of 1944 to $1,866,547 at the end of 1955. In other words, more money is owing on debentures by well over 200 per cent than was owing 11 years ago. On top of all this Stratford is faced with the immediate consideration of capital expenditures totalling something in the neighbourhood of $1¾ million for a collegiate institute addition, sewer farm extension, storm sewers and local improvements not yet financed. Stratford has grown. There are more industries and there is a larger population, but who reaps the tax benefits? The federal treasury. Who pays the costs of that growth? The city of Stratford.

My home town, Mr. Speaker, is no different from hundreds of municipalities across Canada. These municipalities are the responsibility of the provinces, to which they must look for assistance. If the provinces in turn are going to do their part in the distribution of the tax dollar, they must receive a more practical share of the total taxes received by the federal authority.

Let us take a quick look at what has happened to our taxing picture over the last several years. In 1930 the federal taxing authority took 40·5 per cent of our tax dollar. In 1951 they took 70·9 per cent. That is an increase of 30·4 per cent of each tax dollar. The provincial take in 1951 was 17·2 per cent compared with 20·2 per cent in 1930, and the municipalities received 11·9 per cent in 1951 compared with 39·3 per cent in 1930.

Let us face facts. The municipalities are receiving less than one-third of the portion of the tax dollar that they received in 1930, but their obligations have increased tremendously in proportion. They, the municipalities, must receive more assistance from the provinces. The provinces must be in a position to fulfil their obligations, and to make this possible the federal government must make a more equitable deal with the provinces in these present agreements.

Mr. Roland Michener (St. Paul's): Mr. Speaker, this afternoon we heard some quotations from the past, in fact quotations which go back into an era very different from that in which we are living today. The Minister of Fisheries (Mr. Sinclair) found some satis-

faction in statements made in 1935 and 1938, which laid a certain amount of emphasis on centralization, the policy which was adopted and which has been practised by this government since 1942 at the latest. In fact it was this government which instituted the Rowell-Sirois commission from which the ideas which are now prevalent in our federal system had their main source.

I do not think we should accept statements of a vintage which preceded the report of that commission as expressing the present views of the people who made them at that time. There are many more current observations on this problem which is before the house. I should like to bring the house up to date at least to post-war comments on what has been happening in our federal system.

The earliest and most extensive conference after the war, when an effort was made to sort out the problems which had arisen as a result of the centralization of the war, was the conference of 1945-46. That was quite an extensive and extended conference, at which there was ample opportunity for the statesmen of this country to express their views on the fiscal relationship between the provinces and the central government and to try to point the direction which should be taken in the years that lay ahead.

It was clear that the country was moving out of a wartime era into one of peace. The conference was named by Mr. King a conference on reconstruction, and it was a conference on reconstruction. Its purpose was to try to chart a course by which some of the effects of the concentration of authority in Ottawa during the war could be sorted out effectively and to the satisfaction of the different governments of Canada.

I should like to remind the house of the view that was expressed on that occasion by one of the maritime premiers, namely Hon. Mr. MacMillan who represented the province of Nova Scotia. On August 7, 1945, as found at page 127 of the report of that conference, he read a report which was presented to the federal authorities as expressing the view of the province of Nova Scotia. It was a report compiled by Dr. Dawson, and was in these terms:

> The province along with all other provinces had been manoeuvred by war exigencies into a position where it will be extremely difficult to resist future dominion demands for extensions of power. The relinguishment of a large part of the provincial taxing power through the dominion-provincial agreements of 1942 and constitutionally valid but temporary wartime powers assumed by the dominion have given the federal government a whip hand which it apparently does not intend to give up readily. It is, however, the dominion's power to levy unlimited taxes in all fields that is the big club that can be held over provincial heads. If, for example, the dominion should persist in imposing an initial 30 per cent income tax, should increase its existing rate of succession duties and should retain a heavy corporation tax, it could render almost completely nugatory the provincial power to impose those direct taxes which are essential to solvency. For any provincial tax imposed in addition to these onerous dominion levies would impose an intolerable burden on the taxpayers of the province. The province in short has lost its bargaining power. It might, it is true, have lost it without the war, but in ordinary times no dominion government would have had the temerity to dictate the proposals contained in the agreement of 1942 without giving more in return and without a long period of negotiation and bargaining.

That is a fairly forthright statement by one of the Atlantic provinces presented in 1945, when the pattern was being set.

Mr. Harris: Do you agree with that?

Mr. Michener: I think there is a good deal of substance in it.

Mr. Harris: Yes; but you do not agree with it.

Mr. Michener: In my earlier remarks at the resolution stage I advised the minister of my views, namely that I felt this process of centralization for the purpose of maintaining a high level of employment, as he himself puts it, had been carried too far in justification of the retention by this government of the authority which developed during the war. I do not believe anyone today would suggest that we go back to the conditions of 1935, 1937, 1938 and 1939 and the pre-war operation of our fiscal system. But that is a very different thing from saying that one disagrees with the complaints of those provinces who feel that they have been improperly held out of rights which are theirs constitutionally, without a corresponding relief from obligation.

Mr. Speaker, the crux of the matter is the relief of the provincies from obligation. The Minister of Fisheries and the Minister of Finance have made a great point of the provincial responsibilities which have been assumed; and we must recognize the fact that the federal authority now pays for many things which were formerly at least responsibilities of the provincial authorities, whether or not they had ever gone very far in dealing with those responsibilities. The family allowance is an early example of that. On its own initiative, without the concurrence of the provinces, the federal government undertook to distribute throughout the country revenues which it raised under the powers it got during the war. Obviously that procedure has had some effect on the responsibilities of the provinces. Then you come along—

The Acting Speaker (Mr. Applewhaite): Order. It being six o'clock I do leave the chair.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. Michener: When we rose, Mr. Speaker, I was speaking about the federal government's expenditures in the field of provincial jurisdiction. I had been reminding the house that the Minister of Fisheries and the Minister of Finance make a considerable point of the amount of money the federal government is spending annually for the benefit of the people in the provinces, and to some extent in the discharge of provincial responsibilities. A figure of $900 million was mentioned as the sum total of a variety of social welfare expenditures which are said to come in this category.

I think it is well to place beside this statement the figures for tax collections by the federal government in the three fields of direct taxation, that is the personal income tax, corporation income tax and succession duties. Those are the three fields of taxation which the federal government has enjoyed almost exclusively and which have become a great source of the additional revenues which are now focused in Ottawa, as contrasted with the period before the war when there was little money raised in these tax fields.

I have the figures for 1954. They are not the latest, but will illustrate the amounts which these three taxes bring into the federal coffers. In 1954 the personal income tax brought in $1,284 million. The corporation income tax was very little short of that; it was over $1 billion. The succession duties, the third of these direct taxes, brought in over $73 million; at least that was the federal tax, I think, before the allowance for the provinces that have concurrent taxes in the estate duties field. The total of these three taxes was $2,418 million or about five times the total revenues and expenditures of the federal government in 1939. It is at least over four times the total amount that was received in Ottawa and spent by the federal government in that year. This $2·4 billion from these three fields of taxation shows the expansive power of these taxes in a growing economy. It is these taxes which are the subject of this bill.

It is the problem of sharing these taxes with the provinces which we are debating, and the method of doing it. I am not going to discuss the formula which has been devised, but I would accept the proposition which the Minister of Fisheries gave, I think in error, that the provinces should have a 20 per cent abatement in the income tax field.

Mr. Pickersgill: He said 20 per cent of the tax.

Mr. Michener: A 20 per cent abatement.

Mr. Pickersgill: No, he said 20 per cent of the tax.

Mr. Michener: I understand the formula.

Mr. Pickersgill: The formula is 9 percentage points which is equal to 20 per cent of the tax.

Mr. Michener: If all of them are stated on the same basis it is not as confusing as it was this afternoon. That is the amount of money that is involved, approximately $2·5 billion. I daresay it will be more than that this year. If one accepts the proposition, which is a legal one, that these fields are really the joint property of the two levels of government, then one can only say that in the absence of agreement, equality is the rule. If both levels of government were today taxing at the rate which brings in this return to the federal government, there is something over $1,200 million which represents the provincial 50 per cent of that tax yield. That is a very substantial sum of money, and one which I think shocks the Minister of Finance when it is called the provincial share of the yield because what the provinces get is substantially less than that.

Mr. Harris: Because they never shared the tax.

Mr. Michener: Neither did the federal government; neither government occupied this field. I am trying to show that this is entirely new revenue that has been developed during and since the war as a result of our expanding economy, and the provinces have been excluded from this field except to the extent of the tax rental agreements or to the extent they choose to tax on their own.

If you add up the amount of money which is being paid to the provinces under the tax rental agreements, which is a total of $350 million for the current year, and the amount which is being paid out by the federal government and for which it is taking great credit in those fields of provincial jurisdiction, some $900 million, you arrive at $1,200 million, which is still only 50 per cent of the amount of money the federal government is receiving from these taxes which, as I say, are properly, on any legal basis of construction of the constitution, the joint preserves of the provincial and federal governments. That is the result, even crediting the dominion with

the payment of this $900 million for the benefit of the provinces, and crediting them with that full payment even though it has been a unilateral transaction in many cases because the federal government has decided that these payments shall be made and the provinces have been the beneficiaries without, in some cases, having been consulted.

The items making up the $900 million are well known. They are family allowances, $383 million; old age assistance, $91·4 million; blind persons pensions and allowances, $3 million; general health grants, $33·7 million; other grants, $29 million, making a total of $540·7 million. Then on top of that you have the old age security payments which are not shown on the balance sheet because they are supposed to be financed out of separate taxation. This will amount to $367 million in the current fiscal year, making a total of $908 million.

I think in order to maintain any sense of proportion in considering the position of the provinces, one has to set off those figures of tax collection against the claims of the federal government that by this $900 million they are lightening the load of the province. Looking at the problem from that point of view, if the provinces are content to credit the federal government with $900 million paid on their account; if they feel that is the best way that tax money could be expended in the meeting of their responsibilities, then all right. But that is not the proposition with which we are confronted. The provinces have had these payments made by the federal government and have, it is true, received advantage from them, but these have not been made under any comprehensive scheme of adjustment of responsibilities and of revenues.

The minister himself has laid down as one of the three principles by which he is activated in trying to arrive at a fair disposition of this matter, the proposition that the provincial revenues should be commensurate with their responsibilities. There are two sides to the equation. There are responsibilities and there are revenues. It is a question of whether the provinces would prefer to have these revenues or to have the dominion government collect and spend them in the interests of the provinces in the discharge of their duties.

I recall that the other day I said that one of the provincial premiers of the same political persuasion as the Minister of Finance, Mr. Hicks, in dealing with this problem in a speech in Toronto before the Canadian Club, said that these fields of provincial responsibility, which are being dealt with in a way by these large payments made from the federal treasury, have been transferred to Ottawa unwittingly and without the decision of the governments concerned or the decision of the people, and this did not seem to be a fair way of modifying our federal constitution.

Those figures might be supplemented, I think, with some other reflections on the sources of federal revenues. I have a table here which shows the amount of money collected in the year 1955 from each of these three direct taxes from the various provinces of Canada, and as I am speaking to this matter largely as the representative of an Ontario constituency, I think it is proper to put on the record the amount of tax that comes from that province in these three fields.

In 1955 the individual income tax paid by people in Ontario was $633 million out of a total collection of $1,284 million, roughly 50 per cent of the total income tax collection in the whole of Canada. The same thing is true in the corporation profit tax field. The collection from corporations was $512 million from the province of Ontario out of a total of $1,060 million, again just short of half. In the succession duty tax field the collection in Ontario was $34,366,000 out of a total of $73,944,000.

I do not propose to pursue that except to show, as I will presently, that the federal government is enjoying great revenues because of the industrial expansion and activity which this country has experienced in the post-war years, and that generated by those activities there is a corresponding need on the part of the provinces to provide the services.

If all these direct taxes collected in Ontario were added together they would be in excess of $1,100 million and if one placed against that total the amount of the federal payment to Ontario under the 1952 tax agreements one would find it is a small and pitiable amount in comparison. The minister will know the amount, but I think the current year's payment to Ontario is in the neighbourhood of $163 million. That is about 14 per cent of the yield of those three taxes in that one province.

There is one other set of figures which I ask the house to permit me to give, though figures are not usually very interesting, and that is a comparison of the federal grants, or payments as I prefer to call them, under the tax agreement to the province of Ontario, with the payments the province has had to make to its municipalities to maintain their solvency without excessive taxation of the citizens of those municipalities.

I will give you first the federal payment to Ontario under the 1952 agreement. They

begin in the fiscal year 1952-53 at a sum of $123 million. For the current year 1956-57 there is shown a payment of $151 million. I believe I said it was $163 million but actually $151,700,000 is the estimated payment to Ontario this year. That is an increase of 23 per cent over the period of five years which the agreement covers. I tried to give figures on this when I spoke on the resolution, but I have them documented a little more carefully now. The grants of all kinds which the province of Ontario made to its municipalities in 1952-53 represented a total of $97,665,000. I call the attention of one of the hon. members from the province of Alberta to this figure, because he challenged any other province to match the grants which the province of Alberta has been making to its municipalities. In 1952-53 the sum of $97,665,000 was paid by the province of Ontario to the municipalities.

I would like to recall to the house that that is very largely the result of the foresight of the present Leader of the Opposition, who instituted grants of that kind for educational purposes in 1943. The necessity for them has been substantiated throughout the years, and these educational grants comprise a very large part of these payments from the provincial treasury to the municipalities of Ontario.

In the course of the five-year period the $97,665,000 rose to $184,700,000 for this current year, 1956-57. That is almost double—in fact it is 97 per cent more—as compared to the 23 per cent increase in the same period which the province received under its arrangements with the federal government.

I was referring, Mr. Speaker, to some quotations which are more recent than those which the Minister of Fisheries was able to find. Apparently he has not received any books in his library since 1939 or 1940, but there are the proceedings of the conference held in 1945-46 at which a good deal was said about this principle of grants as a solution to the relationship between the central government and the provincial governments. I presented Mr. MacMillan's statements on the subject, and I would like now to refer to a statement or two made by the present Leader of the Opposition who attended that conference as the premier of Ontario. Mr. Drew at page 14 of the proceedings of April 29, 1946, said this:

> There is no question of generosity on the part of the dominion government or lack of generosity. There is no question of selfishness on the part of the provinces or of lack of selfishness. What we are discussing here is the allocation of taxes paid by the same taxpayers across Canada. What we are seeking is a procedure by which these combined taxes may be channelled into the most effective courses to the advantage of all the people who live in the nine provinces.

That is still the problem today. It is not a question of centralization or not; it is a question of allocation for the benefit of the people of Canada in their two capacities as taxpayers and recipients of the services of the federal and provincial governments.

At page 21 Mr. Drew said:

> The whole system of subsidies is wrong and should be brought to an end just as soon as a complete and exhaustive analysis of our tax structure can be carried out for the purpose of establishing a new tax structure in Canada.

He went on to quote a learned authority on public finance, Professor Jensen, who said:

> Subsidies here defined as transfers from the central to the intermediate or local governments merely as devices for balancing intermediate and local budgets in normal times should not be tolerated and as devices for aiding the latter in emergencies they should be scrutinized with the utmost care. They tend to weaken the responsibility of the receiving governments by making them clamorous beggars at the door of the federal government.

Then follows quotations which have been heard in this house at least once, from Sir Wilfrid Laurier, on the same subject. Mr. Drew at page 22 said:

> All Canadians must face the very dangerous theory inherent in all this and now affecting huge sums of taxpayers' money, namely, that one government in Ottawa should collect money without any definite limit and hand it over to governments which can spend it without the responsibility of collecting it, without answering directly to the taxpayers who provide it.

In case some hon. members may say this is an indication that the Leader of the Opposition or this party is against subsidies in any form, I will say now we do not take that position. We recognize the principle of the equalization grants which have appeared under various names such as fiscal need grants and national adjustment grants, as they were called in the proposal which the Ontario government made in 1945. The Leader of the Opposition made it clear that he recognized that this was an essential factor of our federal system, due to geographical and other conditions of inequality, when he said:

> Before closing these remarks it perhaps should be said again in this open conference that the Ontario government has at all times expressed its belief in the principle of fiscal aid to those provinces which from time to time require special financial assistance and that Ontario which proposed the setting up of a national adjustment fund for that purpose keeps that proposal before this conference.

That position was made abundantly clear when the Leader of the Opposition spoke here a week ago Monday during the resolution stage.

I should like now to refer to the background of Ontario's need for revenue of its

own in these fields. I am using some figures which when I saw them struck me as being most forceful, and which were prepared by the deputy minister of economics for Ontario. These were used in an address to the Empire club in Toronto in April of this year. Dealing with the growth of the population in Ontario he said:

> While our population has increased 43 per cent since 1939, our output of primary iron and steel, motor vehicles, electric power and dwelling units has trebled.

Referring to agriculture he said:

> Agriculture, with a fifth fewer farmers and a fourth smaller labour force, has increased its manpower productivity by 75 per cent and output by 28 per cent.

That is a very remarkable achievement in production.

Then speaking of population he gave what to me were striking figures, although I knew that the bulk of immigration had settled in the industrial provinces. Referring to the growth of population in Ontario he said:

> In recent years it has been increasing at an annual rate of nearly 150,000. This growth of nearly 3 per cent annually, which is nearly double the annual rate of increase in the United States and exceeds that of the rest of Canada, stems, of course, from two main forces—our natural increase and immigration. The immigration to this province from foreign countries has been at an extraordinarily high level since the end of world war II. In the past decade, 636,000 immigrants, 52 per cent of all those coming to Canada, have settled in Ontario, bringing new trades and skills, their capital and their savings.

That created the responsibilities which have been mentioned here and which devolved upon the municipalities. The natural rate of increase in the province was 94,000, that is the excess of births over deaths, which is a very remarkable figure. The birth rate which has increased substantially has apparently reached a plateau and is continuing at that high level. The normal family although it is not what it used to be in the days of my youth, seven, eight or nine children, but is now three, four or five children, is larger than it was immediately before world war II.

On this basis Ontario in the next five years will have 700,000 more people, and it is expected that the population of the province will be 6 million by 1961 and 8·2 million by 1975. That is really a remarkable figure when one realizes that no one would have dared to predict a population of 5 million for Ontario by 1965 just a few short years ago. All this of course brings responsibilities. The rise in number of births means that there is a larger proportion of younger people in the population. Today there are one million people in the elementary schools of Ontario, and it is estimated that in 10 years three-quarters of a million more will have to be provided for. That is an increase equal to three-quarters as many as there are now, in the short space of 10 years.

Then there is the problem created by the need for skilled and technical workers in all fields. The serious shortage of engineers and technicians has received considerable attention, but there is also a shortage of physicians, physicists, chemists, accountants and virtually all professional classes, even economics. There is a desperate shortage of dentists. This is a condition for which there appears to be no immediate remedy. I think the people of this province and of this country must be prepared for a shortage of highly skilled workers during the next quarter of a century.

I see my time is running out, but I should like to say a word about capital investment in the province. In the last 16 years nearly $19 billion has been invested in the province of Ontario, and very little of that was due to the efforts of the government in Ottawa. There are only two items in the list of factories, machinery and equipment, commercial buildings, housing, utilities, schools, highways, roads, hospitals, waterworks, sewage and similar undertakings to which the federal government has made any contribution. I refer to housing, where loans have been made, and to highways, where there has been some contribution to the trans-Canada highway. In the case of hospitals there have been some grants in aid made jointly with the province.

I have here the figures of the expenditures in some of these major fields such as education, the provision of highways, the provision of sewage systems and other services for the industrial parts of the country during the next 10 years. These will run to a total of something like $8 billion. That is a lot of money for a province which has no great tax field, which has only a certain amount of leeway, which is living in a sense within the confines of a strait-jacket or in a suit which is too small for its present size. That is a problem which this house has to deal with in considering what kind of agreement should be made between the federal government and the provinces, none of which are satisfied at this stage.

Mr. F. S. Zaplitny (Dauphin): Mr. Speaker, I believe it will be a matter of general regret in this house and perhaps elsewhere that this bill is brought before the house when we are coming close to the end of the session. The great importance of this matter has been emphasized by various hon. members. We are now discussing the question of dominion-provincial relations generally and tax agreements in particular, which have to do with the whole national economy and the

survival of the nation as a whole. Had the bill been brought in earlier and submitted to a standing committee after second reading it is quite possible that we might have had the advantage of the experience and knowledge of experts in the field of dominion-provincial relations, who could have offered some sound advice. However, now that we are faced with the question I should like to draw attention to one or two principles which have not been emphasized too strongly up to this point.

Before doing so I should like to refer to something said this afternoon by the Minister of Fisheries when he made his contribution to this debate. The main theme of his contribution seemed to be the claim that this measure should be considered as satisfactory because it was rather generous, because it represented an increase of approximately $115 million over the previous arrangement on the part of the federal treasury, or about a 20 per cent increase. It was on that theme that the minister built up his argument.

Those of us who regard this problem as serious, as a nation-wide problem and certainly not one that should be used as a political hot potato to be chased around, rather deplore that sort of approach by one of the ministers of the government. Had it come from one of the private members supporting the government one could put it down as a member arguing the case for the party he supports; but coming from a cabinet minister, placing it on the level that the government is being very generous and that the opposition members really have nothing to complain about because what is being offered now represents $115 million more than what was offered under previous arrangements, is putting it on a very narrow basis.

In my view the real question is not whether this offer represents a larger amount, either in dollars or in percentages, as compared with what was offered in previous years. The real question is whether this bill is going to be effective in bringing about a solution of the problem that has been before this parliament and this nation for over 25 years, the problem of finding a means of sharing the available revenues in the most equitable, efficient and sensible manner among various levels of government. It is not a question of whether this represents an increase of $115 million or 20 per cent; it is a question of whether the revenues that are available, whatever the figure may be, can be so arranged as between the provincial governments and the federal government—and, of course, including the municipalities—so that the people of Canada, who are after all citizens of the same nation whether they live in one province or another, will feel that their tax dollar is being as efficiently and sensibly used as possible in the various fields.

I think we would be further ahead if we approached it from the point of view of each one placing himself in the position of the taxpayer of this country, not as a Manitoban or an Albertan or a Torontonian but as a citizen of Canada, and asking ourselves this question: "When I part with my tax dollar, how do I want it spent, and how do I think is the most efficient and productive way in which that money can be spent?" If we can answer that question to the satisfaction of the taxpayer of this country, regardless of whether he lives in one part of the country or another, I am sure he will feel that we are approaching this matter from a national point of view.

Of course the Minister of Fisheries, in making his speech, used part of it to welcome a newcomer to his party. I could not pass that up, because it was a rather unusual situation that I have not previously witnessed in this house, as a good many have not. The hon. member for Moose Jaw-Lake Centre made his speech this afternoon, which certainly cannot be characterized as a maiden speech—he made that some time ago—but, considering that we were witnessing the first speech of a new Liberal, we shall have to call it a maternity speech. I hope he is successful in convincing his constituents—

An hon. Member: Don't worry about him. Start worrying about yourself.

Mr. Zaplitny: —that the party on the basis of opposition to which he was elected three times has suddenly changed so much that he has been put into the position of having to defend that party and the government. However, I leave that to him.

The problem that is before the country today, and has been before it for about 25 years, is the inadequacy of tax bases for the provinces upon which to raise the necessary revenue to fulfil their responsibilities under our constitution. Secondly, it is the problem of the inequality of standards of living and standards of services offered in the various provinces across Canada and the desire of the Canadian people to set up some sort of minimum standard, at least, which should be enjoyed by every Canadian in order that he may have a feeling of national pride that as a Canadian he has certain inalienable minimum rights and privileges. Third, it is the problem of the inefficiency and inconvenience of what is called double taxation.

I do not like to use the term "double taxation", because I think it leaves the wrong

impression. When people hear the term "double taxation" the inference is created that because the federal parliament imposes certain taxes and the provincial legislatures impose certain taxes, that means the taxes are going to be twice as much or that necessarily they will be higher than if they were left to one jurisdiction alone. Of course that is not so. The term "double taxation" really means that you have taxes imposed by two different jurisdictions upon the same taxpayer, perhaps using two different methods and standards of collection. I think it is the desire of Canadian people generally that there should be a minimum of duplication in the raising of revenues, not because of the taxation involved but because it is an inefficient and inconvenient way in which to raise the necessary revenues.

Those seem to be the three central problems. I think we have to go behind them and ask ourselves also, how did those problems arise? Quite evidently this is something that has not arisen during the past few years but has been a sort of accumulation over a long period of years. How did we get into that condition? First of all the British North America Act, which is accepted as Canada's constitution, is now 89 years old. When the fathers of confederation met and conceived this nation and made the request to the parliament of Great Britain for an enactment to set up confederation, no one at that time could have conceived some of the developments that have taken place.

I should like to draw attention to one or two of those developments that I do not believe have been mentioned up to now. One is the mass concentration not only of wealth but of financial power in certain parts of this country. When Canada became a nation there was a sort of equality. Perhaps it was an equality of relatively low standards of living at that time, but at least there was a sort of equality within the various components of this nation. We had not felt the effects then of the tariff structure, because that had not yet come into play. We had not yet started feeling the effects of the building up of huge corporations which has had the effect of concentrating wealth and power in certain areas of the country. But as time went on we began to feel those effects, and in my view we are now in a position where I think in the next two years, probably, or in the next five or ten years, we are going to feel those effects at an accelerated rate. It is my view that the concentration of financial power is increasing at a greater rate today than it was 10 years ago, and cerainly at a much greater rate than 20 years ago. As we go into the field of specialization, automation and the high speed business methods of the new era, we are going to find that the concentration of financial power is going to accelerate and the problem is going to become greater and greater and more acute in a short time.

[Mr. Zaplitny.]

Then, of course, there have been the effects of the two world wars. It is not necessary for me to review what those effects were; they are well known to the members of this house and to the people of this nation. We know that under the stress of the first and second world wars certain things were done which had the effect of disrupting the normal occupations and methods in this country, and had the effect of further accelerating this accumulation of financial power.

I should like to mention here that apart altogether from the kind of legislation we are now considering, and the dominion-provincial conferences which we have once in a while, there are some things that are basic to this problem of the concentration of financial power, which will have to be faced.

I believe there are two things that can prevent that concentration from becoming far more serious than it is. One of those has been advocated by this group on many occasions; finding fields of public ownership, particularly of public utilities, in which the public themselves can participate in the management of their own affairs and therefore, of course, in the management of their own revenues. We can tax as we like, but we must recognize what has been pointed out by many economists, not the least of whom, if I may call him such, is the present Minister of Justice (Mr. Garson), who in many of his speeches when he was premier of Manitoba made this kind of argument which I think was very sound. I doubt if he would make it now, but I believe it is quite sound.

He pointed out that the whole business of taxation, particularly the taxation of corporations, is in one sense an illusion because, as he pointed out in one of his speeches at that time, all the corporations do is pass on the taxes imposed upon them in the form of increased prices of the products they sell to the public, so that in the end the consumer pays every nickel of taxation in this country. You may say that we impose so much individual income tax, so much sales tax, so much corporation tax, so much of other kinds of taxes, but in the end it is the individual consumer who buys and pays for the products that are manufactured or produced in Canada, who pays every nickel of the taxation, because, it is all passed on to him in the prices of the goods he has to buy.

That being so, the only real way in which the people of Canada through their various levels of government can have full and complete control over their own revenues is by participating in the greatest possible way in the management of their own affairs. One of the ways in which that can be done is through public ownership, whether it is done on the federal level, the provincial level or the municipal level. The other way it can be done in order to avoid this concentration of financial power in the hands of a few corporations in certain areas of the country is through co-operative ownership. In my opinion this is one of the finest ways in which the production of wealth and the revenue derived from that wealth can be kept within the community to serve the needs of that community rather than having it all drained off and channelled into one huge financial empire, with no loyalty to any part of the country, and which only cares about its own affairs.

I believe these two factors have to be taken into account when we are discussing the problems that arise with respect to the question of sharing revenues. In my opinion, prior to this kind of legislation, if it cannot be done in the midst of it, if I may put it that way, a dominion-provincial conference should have been called not so much for the purpose of finding a method or a formula to meet the immediate problem of how to share the revenues of the country but rather a constitutional conference. I will grant that an attempt was made not so many years ago to have that kind of conference. Unfortunately, for one reason or another it did not go very far and was not resumed. But I think it is even more important in the long pull, if we are to operate our federal system efficiently, to have a constitutional conference of the provinces with the federal officials and take a good, cool look at the provisions of the British North America Act with the amendments that have been made.

I say that because a great many of these petty and sometimes partisan arguments that come up in a debate of this kind could be avoided if the fields of endeavour, responsibility and jurisdiction were more clearly defined than has been the case up to this time. Certainly we would avoid the one thing which has been deplored by speakers on both sides of the house, and that is the question of one government raising the revenue and another government spending the revenue. Personally I do not think it is the worst thing that could happen in a country, particularly a country like Canada, but it is an undesirable way in which to handle our revenues.

If there were a constitutional conference, and if those who participated took a good look at things, had expert advice, decided what from now on could be more efficiently handled on the provincial level and what in the national interest could be more efficiently handled on the federal level, and then suggested to parliament and eventually to the parliament of Westminster further amendments to our constitution based upon the results of that conference and arising out of common agreement among the representatives of the provinces and the dominion, we would do away with a great many of the difficulties that arise at a time when we are wondering how best to share these revenues.

Mr. Harris: Is that not what the Rowell-Sirois commission did?

Mr. Zaplitny: The Minister of Finance asks if that is not what the Rowell-Sirois commission did. I do not quite agree with him that that is what the commission did, if that is the view he holds. What the commission did was to investigate, do a good deal of necessary basic research work and get a great many facts and place them before the government or parliament. The commission's duty was not to propose definite constitutional amendments. They could make certain general recommendations, which they did. They also supplied the background material upon which such decisions can be based, but only the elected representatives of the people can go to the extent of actually recommending the necessary amendments which have to be made to the constitution.

I believe that until we have a conference which will devote itself much more fully and deeply to the question of our constitutional relationships, many of these problems are going to arise again and again. I think what is also required are conferences within the provinces between the municipalities and the provinces themselves. Certainly after such a constitutional conference as I have mentioned had been held; after there had been some clarification and the best possible job had been done within the terms of the agreement among those participating so the provincial jurisdictions knew exactly what their responsibilities were, the provinces would then be in a position to call in the officials of the municipalities within the provinces. Then they could decide in conference to what extent certain changes would have to be made in their various municipal acts and other legislation dealing with municipalities. That should be done in order that there might be some clear-cut idea in the minds of those who are serving the same taxpayer on the municipal, provincial and federal levels.

I think the very worst thing that could happen, and during this debate it has almost happened, would be a competition in passing the buck or trying to make good fellows of ourselves by saying, as the Minister of Fisheries did, "Well, here we are and we are offering you $115 million more." What business have we to offer anything to anybody? Whether members of this federal parliament or of a legislature or of a municipal council we are trustees, and very temporary trustees at that, of certain moneys which are given to us by the people of the country who trust our wisdom to the extent that they feel we will spend those moneys in the best possible interests of all the people concerned. But for the federal government to take the attitude that it has certain moneys which it is in a position to give or grant or hand to any province is, I think, looking at the matter from the wrong point of view.

That is why I suggest there should be some clear-cut arrangements made in order that the various levels of government will know exactly what are their responsibilities. It is quite conceivable that as to many of the things which today are considered to be, and are in the legal sense, the responsibility of the provinces, the time may now have arrived when the provinces themselves will agree that those responsibilities should be transferred to the federal jurisdiction. Having done that piecemeal in a great many respects already, it may perhaps be felt that certain of the responsibilities should now more properly lie within the jurisdiction of the provincial governments. But let there be a clear understanding of those terms and arrangements before we begin to talk actual money.

I want to add this. I believe I should say this because in a sense it has a bearing on this very legislation that we are now discussing. There are certain things this parliament can do to ease the burden on certain parts of this nation which have been referred to as not as well developed as or retarded in relation to other areas. We have to take a good look at our tariff structure. Certainly no one will deny that our tariff structure right from the beginning, its setting up, has had the effect of concentrating industry in certain parts of our nation, which has had the result of asking the people of other provinces which are not favoured by such industry actually to subsidize this industry in the form of higher prices because those industries enjoy that certain protection. That is one of the things this parliament could do without in any way disturbing the autonomy of any province and without in any way having to amend the constitution. By reducing our tariff duties on certain products we could come materially to the help of many of those provinces which today find themselves in an inferior position financially.

Those are some of the things that could be done. I think most of all we in this parliament must somehow train ourselves to understand that we are here not as federal representatives as such but rather that we are here as representatives of the same taxpayers who are represented by the members in the provincial legislatures and in the various municipal councils. We should therefore try not to approach these jurisdictions on a competitive basis or on the basis of saying "We can do better than you can".

Let the taxpayer decide who can spend his money most efficiently. Let those who are in the various levels of government lay before the taxpayers in clear terms what in their opinion should be the responsibility of each level of government. Let us approach the whole question from a national point of view so that the people across the country will feel that we do not have a bunch of politicians at the top scrapping amongst themselves for the credit for what is done. Rather let them feel that they are willing so to apportion the revenues of the nation so that each government at every level will have the opportunity to discharge its responsibilities.

Because it is in the position of having access to the greatest volume of revenue of all, I think this parliament should lean over backward to avoid making the provincial governments feel as though they are getting a handout, or as though they are being put on the spot by having a piece of legislation thrown at them on a take it or leave it basis. I think the provincial governments should be made to feel that we are willing to sit down as mature people and say, "Here is a nation with a federal system. There are certain revenues that must be raised. Let us find out what is the best way of doing it so that each level of government may discharge its constitutional responsibilities".

Mr. E. D. Fulton (Kamloops): Mr. Speaker, in discussing this bill this house is dealing with what is undoubtedly one of the most difficult problems before the dominion parliament and indeed before the nation as a whole, namely the problem of so adjusting the financial relations between the dominion and the provinces that each governmental authority may be enabled to discharge the responsibilities which are placed upon it.

Before coming to some of the details I desire to discuss tonight I should like to make a suggestion, and I do this in all seriousness. In my opinion one of the reasons there has

been so little progress made in solving this problem—and here I am not wishing to overlook real progress where it has been made—or one of the reasons I do not think we have yet set out our feet firmly on the path of an over-all solution, is that we are trying to fit dominion-provincial relations and the problems of the fiscal relationship between the governments into the strait-jacket of preconceived financial proposals and then cutting the limbs—the arms and the legs—of the various governments in order to fit that garment which has been tailored in the workshop of Harris and company—

Mr. Pickersgill: Harris tweed.

Mr. Fulton:—instead of measuring the customer and finding out what are his real requirements in the year 1956 and the next 20, 50 or 100 years. I do not think one can go too far in matters of this kind. You must be realistic. But what should be done is to assess the requirements of the future that can be measured; then tailor the garment to fit them. The government here is approaching the problem from its own preconceived notions of what should be the size, type and colour of the garment, and then forcing the customer into it. If a leg sticks out here or a foot sticks out there, they cut it off and stuff it in somewhere else.

Mr. Sinclair: You should change your tailor.

Mr. Fulton: The people of Canada will do that at the next election, because the people of Canada—and particularly the provincial and municipal governments—do not like having their necessary expenditures chopped off and curtailed in that way so as to fit the preconceived notions of the federal government.

Mr. Pickersgill: Does not the hon. gentleman believe in autonomy?

Mr. Fulton: Yes, but a severed limb is not very autonomous. I think this is what the trouble has been. Of course, what the government is suffering from is gangrene and lack of circulation, especially to the head. We know that.

Mr. Sinclair: That is a Tory complaint.

Mr. Fulton: I wish that were not quite so obvious in their approach to this problem of dominion-provincial fiscal relations. I am putting this forward as a serious proposal, that what is needed, rather than trying to force our relationships into this pre-tailored fiscal garment, is a meeting of all the governments with a view to assessing their needs and what if any exchange of constitutional responsibilities can be arranged by mutual consent. Then having reached agreement on this point, arrange a federal-provincial fiscal program which will enable the various governments to discharge their agreed responsibilities.

That will be difficult, Mr. Speaker. I know that. But no one can overlook the difficulty or pretend that it does not exist. Confederation was also difficult. I would say it was infinitely more difficult in 1867 with the problems of communication and the limited resources at the disposal of that collection of colonies which even then were not fully self-governing. I would say that the difficulties which were confronting them were infinitely greater than the problems confronting Canadian statesmen today in arriving at a similar solution. But our great misfortune is that in the ranks of the present government we have not a statesman with the same vision as those statesmen of 1867.

Since we are forced to approach this problem within the terms prescribed by the legislation laid before us by this government, suffering as it does from the disadvantages I have outlined, we must deal with the arguments advanced by the government as to why it can not meet the legitimate requests of the provincial authorities.

One set of these arguments was advanced today by the Minister of Fisheries. Indeed, he devoted a great deal more time to a resume of the obstacles in the way of enabling the provinces to discharge their responsibilities than he did in a serious attempt to find a solution. I do not think even he would deny that the provinces and municipalities are faced with problems mounting more and more to emergency proportions as one surveys the field of education at the primary and secondary levels as well as the higher learning institutions, the field of the provision of highways, and other provincial responsibilities.

Mr. Sinclair: I agree with that, but so is the federal government faced with exactly the same problem.

Mr. Fulton: The minister invited certain suggestions as to the solution of the federal government's problem. I intend to suggest to him some quarters from which he could find a solution, quarters which I think will be particularly welcome to the Minister of Fisheries. I think he mentioned four problems one of which at least would have to be met by the federal government if it was to be able to find the surplus revenues to meet the requests of the provinces.

One in which I am particularly interested and to which I intend to refer tonight is the one to which he said an answer might be

found in the reduction of federal government expenditures. He referred to certain statements made by the leader of the official opposition. I have not his exact words, but as I took them down I think they went something like this. We do not hear very many concrete suggestions as to how expenditures can be reduced. He went on to recall that in a speech at Saskatoon, I think it was, the Leader of the Opposition had said that $500 million could be cut from federal expenditures without reducing essential services. In fact, as the Minister of Fisheries further recalls to us, that was made one of the planks of the Conservative election platform in 1953.

The minister went on to remind us also that he was parliamentary assistant to the Minister of Finance at that time and that he had shortly thereafter, and for a number of years thereafter, asked the Conservatives in the house to suggest specifically where expenditures could be reduced by the amount of $500 million. He used a rather uncomplimentary expression, and I shall not repeat the exact words, in which he said the Leader of the Opposition had nothing more specific to suggest than that we should have a commission along the lines of the Hoover commission in the United States.

It is true that that suggestion was made and is still made by the Conservative opposition, that if this government really put its mind to it, it could save upward of $500 million without reducing essential expenditures. We have advanced specific examples of waste, extravagance and duplication of services on the part of this government.

Mr. Pickersgill: Repeat them.

Mr. Fulton: I do not know what is the use of casting pearls before swine, because if—

Mr. Pickersgill: Never mind the pearls, just give us the facts.

Mr. Fulton: —these individuals were exposed to these suggestions before and were completely impervious to them—

Mr. Dickey: To what are you referring?

Mr. Fulton: —it may well be that the reason they do not accept them or attribute to them any merit is the source from which they come.

What I propose to do is suggest to them now a source from which they might find these proposals somewhat more acceptable. We all witnessed in this house today a rather touching scene. Whether it was a process of osmosis, a delayed reaction, or whatever it may have been I do not know, but the results speak for themselves. We saw the hon. member for Moose Jaw-Lake Centre (Mr. Thatcher)—I am sorry I do not see him in the house. I am looking in the quarter of the house where he previously sat with the group of independents, but perhaps his seat has already been moved. Maybe I should look opposite in the ranks of the Liberal party. I do not see him there. I do not suppose it is any use looking in the ranks of the C.C.F. party which he left over a year ago.

Mr. Sinclair: You tried to get him as a Tory.

Mr. Fulton: I was tempted to look in the ranks of the Social Credit party, recalling that they made him a certain concrete offer in reference to his own province of Saskatchewan, but I understand he turned them down. To that extent, at least, I give him credit for intelligence.

Mr. Sinclair: He turned the Tories down, too.

Mr. Fulton: One place I do not have to look is behind and about me in the immediate ranks of this party—

An hon. Member: He knows better.

Mr. Fulton: —because this is one quarter from which no offers were submitted.

Mr. Sinclair: Have you consulted the hon. member for Greenwood (Mr. Macdonnell) before making that statement?

Mr. Fulton: I say this, that I endeavoured to indicate to the hon. member for Moose Jaw-Lake Centre, for whom I have great personal regard and affection, that I would be discussing his recent change of heart tonight but I was unable to reach him.

Mr. Pickersgill: On a point of order, Mr. Speaker; I was not here this afternoon but I understand that the hon. member for Eglinton (Mr. Fleming) raised a point of order as to whether this subject could be discussed. Surely if it could not be discussed by the hon. member for Moose Jaw-Lake Centre himself there cannot be a debate about him.

Mr. Fulton: It is nice to know, Mr. Speaker, that when he is signing these letters the Minister of Citizenship and Immigration (Mr. Pickersgill) is concentrating on his signature. He says he was not in the house, but I believe he was and had he been listening he would have appreciated that the point of order raised by the hon. member for Eglinton was quite different.

Mr. Dickey: The point you are trying to make is that the rules only apply to other parties, and not to the Tories.

Mr. Fulton: In attempting to deal seriously with the suggestion made by the Minister of Fisheries, who after all was previously parliamentary assistant to the Minister of

Finance, that one of the difficulties in the way of this government meeting the requests of the provincial governments was that this government cannot reduce expenditures, I am seeking to advance a suggestion from a quarter which I thought would be acceptable to the government but apparently is not acceptable to the Minister of Citizenship and Immigration I suggest that if it is not acceptable in this case he will have to follow the lead of the Prime Minister, with whom I understand the course followed by the hon. member for Moose Jaw-Lake Centre was discussed, even if it was not discussed with the Minister of Citizenship and Immigration. May I say that one of the methods suggested on numerous occasions by this new-found colleague, this Moses in the bulrushes—

Mr. Pickersgill: I am rising on another point of order, Mr. Speaker.

The Acting Speaker (Mr. Applewhaite): If the Minister of Citizenship and Immigration is rising on a point of order, we will hear him.

Mr. Pickersgill: I submit, Mr. Speaker, it is a rule of this house that if an hon. gentleman reads something from someone else, he must indicate whether or not he agrees with it. I think we should be told whether or not the hon. gentleman is endorsing what he is about to read.

Mr. Ferguson: That is nonsense.

Mr. Fulton: Mr. Speaker, I understood that it was Your Honour's alter ego who was writing the new book on rules and not the Minister of Citizenship and Immigration. I certainly hope that the one has more relationship to the rules than the other would obviously have if it were ever produced. I suggest that the minister go on signing his letters and leave the house to serious discussion.

Mr. Dickey: Oh, is somebody else going to speak?

An hon. Member: You should.

Mr. Fulton: In the course of the remarks the hon. member for Moose Jaw-Lake Centre used to address to this house he suggested a number of methods by which federal expenditures should be reduced. I am prepared to admit that an isolated statement, an isolated suggestion or an isolated criticism of the government, one single incident, would perhaps not be indicative of such a critical trend or frame of mind that an hon. member could not overcome it in himself and find himself a home on the other side of the house. Those on the other side of the house could properly say that a single aberration and not indicative of a frame of mind or trend of thought that was really critical or indicated a philosophy diametrically opposed—

Mr. Sinclair: Those are big words.

Mr. Fulton: —and therefore the transition can be made easily. They could properly say there is not too big a gap and the bridge can be easily constructed. But we remember what the hon. member used to say as we listened to him in those days. I think I will ask just where the government obtained its engineering advice to build this monumental bridge that must have been necessary to span the gap between the line of think outlined to us by the hon. member for Moose Jaw-Lake Centre in his former happy days and the policies and practices which he has now embraced or with which he has been surrounded—

Mr. Sinclair: Take your choice.

Mr. Pickersgill: Surrounded like a boa constrictor.

Mr. Fulton: That is exactly what the Liberal party is, of course, a boa constrictor; and, Mr. Speaker, it certainly swallowed quite a big meal a few years ago, because it has been asleep ever since.

Mr. Sinclair: I resent that.

Mr. Fulton: I am afraid that during the process of digestion the people of Canada have suffered.

You will recall, sir, that the Minister of Fisheries treated with scorn the suggestion made by the Leader of the Opposition that one way of finding reductions in expenditures would be to set up a commission of inquiry into governmental methods in Canada along the lines of the Hoover commission in the United States. It is interesting to note that there is one suggestion which was emphatically and vigorously supported by the hon. member for Moose Jaw-Lake Centre, and if the Minister of Citizenship and Immigration cares to ask me now if I support it I will reply to the question which he might address to me by saying that this is a suggestion made by the hon. member for Moose Jaw-Lake Centre with which I thoroughly agree, that there should be a commission of inquiry.

Mr. Pickersgill: That does not save money.

Mr. Fulton: Well, you certainly are not saving it. If the Minister of Citizenship and Immigration as a supporter of the government is reflecting their attitude that they cannot save money, then they might have that election which we are inviting them to hold to let the people of Canada who want their money saved elect a government that is capable of saving money for them.

Mr. Dickey: Santa Claus has come to town.

Mr. Fulton: One of the particular methods by which the hon. member for Moose Jaw-Lake Centre thought this government might save money was by the abolition of subsidies.

An hon. Member: You have a parliamentary assistant in the form of the hon. member for Winnipeg North Centre (Mr. Knowles).

Mr. Reinke: You had better have a little consultation with your pal over there.

Mr. Fulton: I wish to place on the record a few remarks made by the hon. member for Moose Jaw-Lake Centre on May 31, 1955, as reported at page 4305 of *Hansard*. I want to point out that this was after the hon. member for Moose Jaw-Lake Centre had shuffled off the coils of socialism—

Some hon. Members: Hear, hear.

Mr. Fulton: —and had advanced to the happy state of independence. As recorded at page 4305 he said:

> Over the years our estimate books have contained a great many subsidies.

Mr. Sinclair: What year of *Hansard* is that?

Mr. Fulton: 1955.

Mr. Knowles: The minister has not received it yet.

Mr. Fulton: I continue:

> I am quite prepared to admit that once a subsidy is commenced, usually because of an emergency, it is very hard to get rid of it, even if the emergency has ended. There are literally dozens of subsidies in the estimates book. During the supper hour I looked through the various departments, and would like to mention a few. For cold storage warehouses there is a subsidy of $500,000; there is a grain subsidy of $15,500,000—

This comes from the stalwart independent from the prairie province of Saskatchewan who has been embraced gladly, willingly and with open arms by the government.

Mr. Reinke: You would do the same.

Mr. Fulton: I continue:

> —there is a maple sugar subsidy for pails to the amount of $100,000—

Mr. Pickersgill: Is the hon. member supporting that? Perhaps he might tell me whether or not he agrees with it?

Mr. Harris: It does not exist any more.

Mr. Sinclair: Are you against that?

Mr. Ferguson: I am; I am dead against it.

Mr. Fulton: I have not joined the government.

Mr. Ferguson: Put that in your pipe.

Mr. Pickersgill: A Daniel has come to judgment.

Mr. Fulton: I continue:

> —there is a C.B.C. subsidy to the amount of $18 million; there is a coal subsidy of $10 million—

Some hon. Members: Are you against that?

Mr. Fulton:

> —there is a gold subsidy of $11 million—

Some hon. Members: Are you against that?

Mr. Fulton:

> —there is a subsidy on government annuities of $1,300,000—

Mr. Pickersgill: Is the hon. gentleman against that?

Mr. Fulton:

> —there is a butter subsidy of about $1,225,000;—

Some hon. Members: Are you against that?

Mr. Fulton: I do not know whether *Hansard* caught what I said:

> —there is a butter subsidy of $1,225,000; there is a subsidy to McGill University for a coal gas turbine of $100,000.

Mr. Dickey: Are you against that?

Mr. Fulton:

> Many of these may be useful; many of them are probably desirable. . . . But I do think that once these subsidies have been put on the books, from time to time somebody should review them, and make certain that the original need continues. An outside body, not having to worry about the political results, could go over these subsidies and make recommendations to parliament—

Apparently in those days the hon. member did not have to worry about political results.

> —as to whether or not any could be discontinued, or whether there was room for reduction in some particular item.

The hon. member for Moose Jaw-Lake Centre discussed the possibility of reducing the expenditures of the government and of examining critically the subsidies that were paid, and recommended particularly the appointment of a royal commission to investigate governmental efficiency. It is of course questionable, to say the least, whether or not the hon. member is scheduled for a position in the cabinet, but this translation opens up interesting speculation.

Mr. Dickey: Jealousy will get you nowhere.

Mr. Fulton: I assure the hon. member the last thing I would be jealous of is anyone who joined the Liberal party. I can imagine no surer method of political suicide than that.

An hon. Member: Sour grapes.

Mr. Dickey: Except your own.

Mr. Fulton: There are rumours to the effect—

An hon. Member: Rumours; did you hear that?

Mr. Fulton: —that the Prime Minister is toying with the idea of relief from the burdens of office. He would be less than human—

An hon. Member: Ask George Hees; he'll tell you.

Mr. Sinclair: Dr. Hees, get up and take a bow.

Mr. Fulton: —if he did not. The Minister of Finance is rumoured to be ambitious in terms of advancement, and who knows but the finance portfolio may soon be opened up. If so, what more useful convert, what more useful evangelist could be found than this recent convert to the Liberal ranks who is so fruitful in suggestions and ideas for reductions in expenditure.

An hon. Member: More fruitful than the Tory party, anyway.

Mr. Fulton: Whether the axe will really chop clean or whether the edge will be dulled and blunted—

An hon. Member: It couldn't be duller than your speech.

Mr. Fulton: —as the hon. member is surrounded by the coils and tentacles of those who cling to office is, of course, quite open to question.

Mr. Reinke: Talk, talk, talk.

Mr. Fulton: Another thing the Minister of Fisheries dealt with specifically—

Mr. Reinke: Talk to the bill.

Mr. Sinclair: Mr. Speaker, may I ask just one question of the hon. member?

Mr. Fulton: If it is short.

Mr. Sinclair: This afternoon the hon. member addressed one short question to me and before doing so he asked permission. More than that, I am grateful that he sent word to me in this building to come down so I would be here when he spoke this evening. He is referring to the speech I made and I would like to direct one short question to him. Is the whole case of the Tory party for the reduction of a half-billion dollars based entirely on this one speech made by the independent member for Moose-Jaw Lake Centre?

An hon. Member: You mean the Liberal member for Moose Jaw-Lake Centre.

Mr. Fulton: No, it is built on several of his speeches, and on a speech of his to which the Minister of Fisheries contributed substantially; also on the facts of the situation as we know them today, as we see them, and as the minister in days gone by was wont to admit that the suggestions made by the hon. member for Moose Jaw-Lake Centre were sensible suggestions which deserved serious study.

Mr. Sinclair: I was teaching him.

Mr. Fulton: Another point made by the minister was that no member today is willing to reduce expenditures on old age pensions.

I took down the minister's remarks and I have summarized them to indicate him saying that the Tory party in the Senate blocked the first suggestion by a Liberal government for old age pensions. Notwithstanding the fact that the minister would make that sort of statement, the fact is that it was the Conservative government which first introduced old age pensions. It would be interesting to know how the minister—

Mr. Martin: Would my hon. friend permit me to ask a question?

Mr. Knowles: When the minister is through I will have one for him.

Mr. Martin: Will my hon. friend tell me and tell the house when the Conservative government ever proposed that there should be an old age pension program for this country? Is it not a fact that in 1926 the Conservative Senate rejected a proposal of the federal government? I have given my hon. friend long enough to answer.

Mr. Fulton: I did not think that I had let myself in for a speech on the part of the Minister of National Health and Welfare.

An hon. Member: Answer it.

Mr. Fulton: I shall give the minister time to find his own answer. He is not unable to find an answer. The minister knows very well what are the facts of the situation. He knows very well that the Conservative party was a pioneer in the field of social security legislation, in both the dominion and provincial fields.

Mr. Martin: On a point of order—

The Acting Speaker (Mr. Applewhaite): If the Minister of National Health and Welfare is rising on a point of order—

Mr. Fulton: Surely I can finish the sentence.

Mr. Martin: On a point of order—

Mr. Fulton: The Conservative party was a pioneer in this field in both the dominion and provincial spheres of responsibility.

The Acting Speaker (Mr. Applewhaite): The Minister of National Health and Welfare has risen on a point of order.

Mr. Martin: The hon. gentleman has said that I knew very well the first suggestion

came from the Conservative party. It is against the rules of this house to say to one hon. member that he knows something perfectly well when that hon. member has repeatedly said the opposite. I do not know that that is the fact.

Mr. Fulton: That is not a point of order. I really cannot be responsible for the ignorance of the Minister of National Health and Welfare.

The Acting Speaker (Mr. Applewhaite): I think perhaps there is a point of order which has not been raised by either hon. gentleman. As is natural, the debate has covered a wide field, but perhaps the hon. member for Kamloops (Mr. Fulton) would not mind me telling him that his time is limited and perhaps the house as a whole would not mind me stating that the question before the house at the moment is not who is or who is not responsible for welfare legislation in this country but whether this house is or is not going to vote in favour of the principle of a five-year federal-provincial tax agreement as submitted by the government.

Mr. Fulton: If the Minister of National Health and Welfare really is so ignorant perhaps I may be permitted to give some instruction. The proposal made by the Bennett government which was in office between 1930 and 1935 was in the form of increased contributions to the provinces so they might pay old age pensions. Contrast that with the record of the Liberal government under Mackenzie King immediately preceding, who said he would not pay a five-cent piece to any provincial Conservative government. I also remind the hon. gentleman and all those beside him of the fate suffered by the Bennett social security legislation at the hands of the succeeding government under Mackenzie King, and my hon. friends opposite are the direct successors of that government.

Those are the facts; and although they do not like to be reminded of them I think it is well every now and then to try to pull aside the curtain and peer behind this mist of Liberal mythology to see what are the facts as to the contributions made toward the welfare of Canada by the different political parties of this country.

The point I had started on was that there is one hon. member of this house who has made specific suggestions for a reduction in old age pension expenditures, and that is the new convert, the recent delegate, the hon. member who has just been welcomed into the ranks of the Liberal party, the hon. member for Moose Jaw-Lake Centre. Those suggestions by the hon. member will be found at page 3347 of *Hansard* for May 2, 1955.

[Mr. Martin.]

Then there was another speech made by the hon. member for Moose Jaw-Lake Centre which I think should be discussed at some length and very seriously. It is true that it was made in the days when he was still professing socialism. This speech was made during the session of 1952-53 and will be found at pages 2534 to 2538 of *Hansard* for that year. I hope you will allow me a little time because of the interruptions, Mr. Chairman. There are some interesting contributions by the Minister of Fisheries to be found on those pages. I know the minister will like to be reminded of them, and the house will certainly enjoy them. At that time the present hon. member for Moose Jaw-Lake Centre, who was then the member for Moose Jaw, indicated some positive ways in which expenditures should be reduced. He was highly critical of the Minister of Finance in connection with his budget and he said, as reported at page 2534 of *Hansard* of March 2, 1953:

> I say that cuts in federal expenditures are possible, desirable and feasible. Large sums could be saved, I suggest, by the introduction of sound business methods into government.

The Prime Minister, who apparently was consulted by the hon. gentleman as to his forthcoming venture into this new and interesting field, is in the house now and he can tell us whether he agrees with his most recent convert. Then at page 2535 the hon. member for Moose Jaw-Lake Centre referred to defence expenditures and suggested a number of ways in which they could be reduced without reducing the efficiency of that department.

Mr. Sinclair: Such as?

Mr. Fulton: Such as the elimination of cost-plus contracts. Does the minister want me to give some quotations? I quote from page 2535:

> In this past year a high percentage of the construction contracts awarded by the Department of National Defence was on a cost-plus basis. I contend that the practice has cost the Canadian taxpayers many millions of extra dollars.

And again:

> —if you look at the public accounts for this year, pages N-23 to N-65, you will find that in the last fiscal year the Department of National Defence alone let 231 contracts on a cost-plus basis, valued at well over $106 million. Small wonder that our defence is costing so heavily.

He then went on to point out that it cost four times as much in Canada as it did in the United Kingdom to maintain one man in the armed services. He then went on to say:

> It is now fairly clear that the government has tossed money around recklessly on defence in the past year.

And later:

I charge this government with milking the Canadian taxpayer in those years to provide frills in defence spending.

He then went on to discuss a report by Mr. Arthur Blakely of the Montreal *Gazette*. He then gave some further details, and at page 2537 he summarized as follows:

In view of evidence like that, how can any Liberal say that the average taxpayer is receiving value for his defence dollar?

A little later on:

Personally I sincerely believe that defence costs could be cut not by 10 per cent but by 15 per cent or 20 per cent if the government really got down to business.

There is an amount of $1,770 million for defence, not very much less than it was some years ago. One-fifth or 20 per cent of $1,700 million, giving them the benefit of the doubt, is $340 million. That goes a long way toward meeting the $500 million objective suggested by the Leader of the Opposition, and it would be met in that one field alone. This is the suggestion of the hon. member for Moose Jaw-Lake Centre. I wonder that they did not take him over there sooner. I hope that his recent physical conversion will be productive of these reductions in expenditure which we, as well as he, have been advocating for some years. Then in the course of the same day the Minister of Fisheries intervened and had some interesting things to say, as recorded on page 2538 of *Hansard*.

Mr. Sinclair: What year?

Mr. Fulton: March 2, 1953. He said:

But now that I am on my feet—

A position in which ministers are sometimes surprised to find themselves.

—may I say that I am always amazed at the absolute inconsistency of the hon. member for Moose Jaw—

Mr. Sinclair: He was not speaking to me then.

Mr. Fulton:

—when he rises to make a speech.

A little later:

As I said, he has now reversed himself and has got back to the party line, no doubt in anticipation of the coming election.

Mr. Pickersgill: I hope the Minister of Fisheries is right again.

Mr. Fulton: That was the Minister of Fisheries—he was then Minister of Fisheries—who told us today that he was responsible in large measure for the conversion of his latest apostle.

Mr. Sinclair: He is continuing his education.

Mr. Fulton: I think my time is nearly up.

Mr. Sinclair: Go on.

Mr. Fulton: I have heard it suggested as a truism of political life in days gone by, and in other forms of activity as well, that when you find yourself in a position where you cannot beat them the thing to do is join them.

An hon. Member: Are you coming over, Davie?

Mr. Fulton: I wonder in fact whether the danger lies more to the member for Moose Jaw-Lake Centre or to the Liberal government, and whether in fact the member for Moose Jaw-Lake Centre will advocate from within the same largely sensible policies that he advocated when he was outside. Then I think the conversion, the translation, or the transition will not be too disadvantageous to the Canadian people; but I would warn the member for Moose Jaw-Lake Centre that often it is found that the promises, the lures and the enticements held out are not realized in the performance.

An hon. Member: Is that what you found in your party?

Mr. Fulton: I hope the hon. member will be able to carry forward the vigorous apostleship he has shown in the past in advocating reductions in government expenditures because we know they are possible. I hope the government and the Minister of Finance who, with his colleagues, welcomed the hon. gentleman into their ranks today, will take to heart and give practical application to the messages he preached in the years gone by, and that the hon. member will not find that in order to rest happy in the ranks of his new-found colleagues he will have to give up those very sound and profitable philosophies which he held.

In closing, I can just wish the hon. member for Moose Jaw-Lake Centre luck. I hope he finds in his new surroundings sufficient advancement and recompense to warrant the somewhat startling departure he made from his previously stated intentions. Reading at page 3069 of *Hansard* for the day on which he explained the reasons for his departure from the party to which he had formerly given his allegiance, he said:

For the remainder of the present parliament I propose to represent the constituency of Moose Jaw-Lake Centre as an independent member. I shall not apply for membership in any other party.

As I have said, these transitions are interesting to observe. One can understand that the Liberal party, reaching out for something that would give it favourable propaganda, might have conceived of this as a highly desirable time to be able to

announce this particular transition. But I doubt, in the light of the statements which we find on the record of *Hansard*, that in fact it represents a change of heart by either the hon. member himself or the government, which has welcomed him today with all outward signs that they intend to give him a real home.

Mr. F. G. J. Hahn (New Westminster): Mr. Speaker, it is not my intention to take too much time. The fact is that I had not intended to take part in this debate, but when we heard, in the philanthropic way the Minister of Fisheries has of dealing with the province of British Columbia and the revenue received from that province, I thought it was only fair to him and to the house that others who did not believe the same way he does should have the privilege of saying so and indicating their reasons.

I am satisfied that the leader of this group and others who took part in the debate on behalf of this group have thoroughly indicated our point of view with respect to the tax agreement itself and the clauses that are in it. Possibly we shall have more to say on the bill when the individual clauses are discussed.

However, the minister took a great deal of delight in referring to sessional paper 237A, which was in the name of the hon. member for Moose Mountain (Mr. McCullough) on June 20 this year. I intend to refer to that sessional paper, but not immediately. In trying to prove his point, he first referred to an expression the leader of this group had used in referring to the $115 million as being a niggardly sum. Possibly in the view of the government it is, when certain members of the government ask, "What's a million?". However, when a government can show a profit of some $750 million, I must say I feel that we should be able to get a little more than $115 million out of it, especially when the same federal government and the same minister point with such pride to the fact that it is through the frugality of the federal government that they have been able to hold down the increase in expenditures to 5·5 per cent as compared with the municipal increase of 276 per cent and the provincial increase of 292 per cent.

Mr. Sinclair: In fairness, I should like to point out that it was not I who said that. It was the hon. member for Okanagan-Revelstoke who pointed with pride to the fact that federal expenditures had increased only 5·5 per cent in the past 10 years. I was quoting him.

[Mr. Fulton.]

Mr. Hahn: I have no doubt that the minister was quoting him; in fact he so indicated earlier this afternoon. I am also agreeing with the figures, but I am taking exception to the fact that it is said to be due to frugality on the part of the government, and the fact that the interpretation put on it by the Minister of Fisheries is that the government should be given credit for this frugality. I interpret it in two other ways. I would rather suggest that this discrepancy in the increases shows that the federal government is not assuming its fair share of municipal and provincial costs of operation and that the federal government, the municipal districts and the provincial governments are not sharing the costs of operation of government in this country in proportion to the needs that we must face at this time.

I do not want to spend too much time on that, but I do wish to refer to the sessional paper. First of all may I say that on page 31 of the report of the Department of National Revenue for the year ended March 31, 1955, it is indicated that the total amount taken in customs and excise was $86,265,000. That is the tax taken from the province of British Columbia. The sessional paper indicates that excise taxes, domestic and excise duties amounted to $19,689,000 and $15,650,000 respectively, making a total of some $35,340,000. There is a slight discrepancy of some $51,925,000 that is collected in the province of British Columbia and is not shown on the sessional paper.

Mr. Sinclair: There is a very simple explanation.

Mr. Hahn: I am sure the minister has one. I have been told not only by this minister but by other ministers, and I am going to take their word for it, that you can explain figures in any way you like, that you can use statistics at your own pleasure. If you want to refer to statistics in respect of unemployment insurance there are two sets of statistics, one which suits the unions and one which suits the government. We have two sets here, one that suits the Minister of Fisheries and one that suits the Minister of National Revenue. Then farther down in the sessional paper we have an asterisk followed by these words:

> Customs duties and excise taxes on imports are not included as such figures are available only by port of entry which is no indication of the point of consumption.

I would say that is quite an omission, especially when one considers that British Columbia has approximately one-tenth of the population of the country and that the total

amount of customs duties collected, as indicated in the report, was some $427 million. In other words it is a simple matter to say that you cannot decide who the consumers are in this case, but certainly when you are estimating something it is just as simple to say that as one-tenth of the population is in British Columbia therefore one-tenth of the $427 million is a fair estimate of what would be consumed by the people of that province. Therefore the federal government must have received about $42,750,000 in customs duties which are not shown on this paper. I do not know why the amount is not shown here and why the figures are shown in the fashion they are. I am disturbed to think that our sessional papers should conveniently not show some of these things.

Added to the other discrepancy of $51,925,000, that makes a total of $94,675,000. Just by way of interpolation, I notice that the Minister of Finance looks quite unhappy. I am sure he would have liked to finish this bill this evening and I can feel for him, but he should learn to silence the Minister of Fisheries. That is one of the problems of the house. If he and the Minister of Citizenship and Immigration would keep a little quieter possibly it would have its effect on some others of us.

Mr. Harris: Mr. Speaker, the best speech in this debate was made by the Minister of Fisheries.

Mr. Hahn: I am very pleased to hear that, but that, of course, is a matter of opinion. The Minister of Fisheries drew attention to certain other factors when referring to the sessional paper, but he failed to point out to the house that customs duties were not taken into account, and I am satisfied that the Minister of Finance, being the fair minister he is, will agree that possibly the Minister of Fisheries was in error in that particular.

Mr. Knowles: He is a fair minister.

Mr. Sinclair: Mr. Speaker, in all fairness I do not think the hon. member should call me in error because I quoted from a return to the House of Commons prepared not for a Liberal member but for a C.C.F. member.

Mr. Low: Probably you did not look it over before you quoted it.

Mr. Sinclair: Do you look over every return to the House of Commons personally?

Mr. Fulton: Certainly, when you quote it.

Mr. Low: Especially when you quote from it.

Mr. Knowles: Maybe I can get into this too.

The Acting Speaker (Mr. Applewhaite): I think I should point out to the house that the hon. member for New Westminster has the floor.

Mr. Hahn: Thank you, Mr. Speaker. You are very kind indeed.

Mr. Low: A failure to give information in the return.

Mr. Hahn: With respect to what the minister had to say and having to do with the error, I suggest that the minister was in error in not pointing out to the house that the sessional paper had the specific note:

> Customs duties and excise taxes on imports are not included as such figures are available only by port of entry which is no indication of the point of consumption.

He did not read that part of it to the house.

Mr. Low: A little matter of $42 million is not much.

Mr. Sinclair: You say that $115 million is niggardly.

Mr. Hahn: I go to another item, expenditures by the federal government in the province. Section C refers to interest paid on government of Canada bonds based on the original distribution, by provinces, of the ninth victory loan bond issue. That depends on the interpretation one wants to put on it. Here is a matter of $36,195,000. I am satisfied that the minister would agree that this is an expenditure by the federal government in the province and not a payment to the province; therefore I do not think the impression should be left that the province got something. I would say that a big share of that money is being received by the banks in the community. It is true that a good portion of that amount will be made available through loans and so on, but at the present time the provincial government does not get it and it is not a gain to the province.

Mr. Sinclair: I did not say it was.

Mr. Hahn: No, I realize you did not. You did not mention that figure at all.

Mr. Sinclair: It is a payment in the province of British Columbia, not to the provincial government.

Mr. Hahn: Very true. I agree with you, but when the banks in the locality have an accumulation of the bonds I am satisfied that they find their way in due course to the central bank.

Mr. Sinclair: The people's savings in the banks buy these bonds.

Mr. Hahn: This is not savings. It is government bonds and in all likelihood they were sold to the banks. I know just as well as

the minister does that there are thousands of people who did have these bonds. I know there are many thousands of them who bought them originally with the intention of keeping them as long as possible, in the same way as the minister and other members of the house did, but these people have been forced to sell them to the banks because they needed some ready cash, so they are in the hands of the banks today.

Mr. Sinclair: But when the banks buy them they buy them with the savings of the people who put their deposits in the banks, so the people own these things indirectly.

Mr. Johnston (Bow River): And the federal government taxes it away from them.

Mr. Nicholson: Who is making this speech, anyway?

Mr. Hahn: With all this assistance I am sure the house will recognize that we are getting somewhere or nowhere, as the case may be. However, it is interesting to note that with that amount added we have a total amount of $130,870,000. I am not satisfied with the minister's interpretation that the people in the province have that money completely in their hands, because I feel it is in the hands of the banks. I know that where money is in the hands of the banks I have a great deal of difficulty in getting my hands on it.

Mr. Sinclair: Now you are talking like a C.C.F.'er.

Mr. Hahn: Maybe the minister has hopes that I will lean to the C.C.F., but I assure him that will not be the case.

Mr. Speaker, if we add that $130,870,000 to the reported figure given to the province, namely the sum of $270,857,000 which the minister quotes, it will make a grand total of $401,727,000. Against that the minister has said that the government expended $355 million, from which I would take that $36 million, so that we in the province of British Columbia actually are receiving only about $320 million as compared with the total amount we have given to the federal government of some $401 million.

Mr. Pickersgill: You had better send those figures to the Auditor General.

An hon. Member: We would not send them to you, anyway.

Mr. Hahn: On page 2 of this same report we find this; and I am particularly interested in page 2 because in the past two sessions of this parliament I have tried to arrive at some figure that the government would present me with having to do with the amount that is expended in the province of British Columbia in the way of defence production. I am pleased to note in section D of this report, "Estimate of major expenditures by government departments or agencies within the province", subsection (d), "Defence production, $221,000." Here are one-tenth of the people of the country and they receive the tremendous sum of $221,000 out of our total defence production expenditures, according to the estimate as set down here. I am pleased that this order for return gives us in British Columbia an idea of what we might expect will be spent in that province.

An hon. Member: I could not get the figures.

Mr. Hahn: You could not, I could not nor could anyone else because it was not desirable to indicate them at that time. We have set down in the same section, or rather in subsection (j), as far as national defence is concerned in British Columbia, $92,222,000. That is a substantial increase. But, Mr. Speaker, I think everyone will recognize the fact that a national defence expenditure is not an expenditure for the province of British Columbia alone. It is an expenditure that is intended for the over-all defence of Canada like any other training that we might feel would be necessary. In all fairness I do not think this expenditure of $92,222,000 should have been included as an estimate of major expenditure by governmental departments within the province. It is expended within the province. But even if we assume the suggestion is correct that we receive the expenditure in the province—that is for troops and so on who get it—it does not help in the building of the province in the same way as, let us say, defence production.

In any event, $92,222,000 out of the $1¾ billion the minister said we expend on our defence program—he indicated earlier, I am sure, that $1¾ billion is our over-all expenditure; I think that was the figure for defence expenditure estimates, at least—is only one-twentieth Canada's total defence expenditure. If we are going to carry on and recognize that equalization of taxes is a good thing—and I agree that it is a good thing—certainly we should have some semblance of agreement on it. I would say that it is not being carried out in any reasonable way, especially when one stops to consider the vulnerability of the west coast province to attack from those whom we suppose to be our enemies.

The minister said "Where is the money coming from?" He said, "Are we going to increase federal taxes?" I would say to the minister, "No, there is no need to increase federal taxes". I should like to make a suggestion to him, because he has such an

optimistic Minister of Trade and Commerce who continually tells us that the gross national product is going to expand. I should like to suggest that there is no need to increase taxes because your taxes are bound to increase every year as your gross national product expands. Hence the Minister of Finance will not have any trouble at all in finding this money. He just must keep the gross national product increasing. Then on your tax basis, or on the basis as it is today, you will receive more in taxes.

I see the minister shaking his head. I do not mean the Minister of Finance; I mean the Minister of Fisheries. From the negative shake of his head am I to understand that he does not agree with me when I say that if the gross national product increases, the Minister of Finance will get more revenue?

Mr. Sinclair: That is when we cut taxes for the Canadian taxpayer, something that is very popular.

Mr. Hahn: Oh, yes; probably we will have that next year for election purposes. But at the same time I am satisfied that this government could make themselves just as popular if they were to help the municipalities and the provincial governments a little bit more. I am particularly interested in the municipalities in an indirect way, through the provincial governments.

Savings were mentioned. The minister said, "How can we save?" Mr. Speaker, the question was raised as to savings in so far as the department could make them. I think it was suggested earlier that the minister for Moose Jaw-Lake Centre was quite in agreement—

Mr. Sinclair: He is not a minister yet.

Mr. Hahn:—that they could have saved several hundred million dollars.

An hon. Member: What do you suggest?

An hon. Member: Ten o'clock.

Mr. Hahn: If you will give me a minute or two longer I will be finished.

An hon. Member: Go ahead.

Mr. Hahn: When the estimates of the Department of National Defence were before us we asked that we be privileged to have a special committee set up for the purpose of examining into those estimates. We had certain charges made by highly respected men in Canada, by military men such as General Simonds, who indicated that all was not well in that department.

Mr. Goode: Do you support what General Simonds said.

Mr. Hahn: If the hon. member had been here he would know what I said.

Mr. Goode: I listened to every word the hon. member has said.

Mr. Hahn: In the discussion of the defence estimates I suggested that—

The Acting Speaker (Mr. Applewhaite): Order. It being ten o'clock perhaps the hon. member for New Westminster will move the adjournment of the debate.

On motion of Mr. Hahn the debate was adjourned.

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

HOUSE OF COMMONS

Tuesday, July 24, 1956

The house met at eleven o'clock.

CANADIAN NATIONAL RAILWAYS

REPORTED TRANSFER OF WORK TO BY-PASS COLLECTIVE AGREEMENTS

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Transport. Is the minister aware that the Canadian National Railways is again letting out to private contractors some of its work normally covered by union agreements, with the result that the employees concerned are having to take lower wages? Will the minister look into this practice of by-passing collective agreements to see if it cannot be brought to an end?

Hon. George C. Marler (Minister of Transport): Mr. Speaker, the hon. gentleman did not give me notice of his question and consequently I am not in position to make any statement with regard to the statement he has made. I am not sure just how far his assertion or the implication of his statement would be borne out by the facts, but I shall make inquiries to see what report I can get from the railway company in that connection.

Mr. Knowles: May I ask a supplementary question. When the minister is making his inquiries will he inquire also into a similar move made by the Toronto Terminals Railway Company, a subsidiary in part of Canadian National Railways, with respect to the restaurant in the union station at Toronto?

Mr. Marler: I am not sure that I can accept the suggestion of the hon. member with regard to the Toronto Terminals Railway Company which is not a railroad coming under the Department of Transport, but I shall see what are the facts.

ATOMIC ENERGY

REQUEST FOR NEGOTIATION WITH UNITED STATES FOR LIMITATION OF THERMONUCLEAR TESTS

On the orders of the day:

Mr. Colin Cameron (Nanaimo): Mr. Speaker, I should like to direct a question to the Secretary of State for External Affairs. In view of Sir Anthony Eden's statement in the British House of Commons yesterday that his government is prepared to negotiate with the Soviet union for the limitation of further thermonuclear tests, can the minister tell the house if the Canadian government is prepared to use its good offices to persuade the United States government to adopt a similar course?

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, the hon. gentleman's question suggests that there is a difference in the positions of the United Kingdom and the United States on this important matter. There was no such difference at the session of the disarmament commission of the United Nations which has just concluded its hearings. However, this matter of the limitation of nuclear tests, which is so vitally important, will be considered again by the subcommittee of the disarmament commission when it meets, and before that time there will be discussions in which the Canadian representative will participate with United States, United Kingdom and French representatives.

[Later:]

On the orders of the day:

Mr. Cameron (Nanaimo): I should like to ask a supplementary question of the Secretary of State for External Affairs, arising out of his answer to my first question. Are we to understand that the minister has information that the United States government now takes the same position as that announced by Sir Anthony Eden yesterday in the House of Commons?

Mr. Pearson: I merely said that at the last meeting of the United Nations commission on disarmament when this matter was discussed, the United States and British positions were substantially the same; and I have no reason to believe from Sir Anthony's statement yesterday that those positions are different now.

HOUSE OF COMMONS

YORK SOUTH—INQUIRY AS TO DATE OF BY-ELECTION

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, may I ask the Prime Minister when the government will muster the courage to call the by-election in York South?

Right Hon. L. S. St. Laurent (Prime Minister): When the by-election is called it will be announced in due course. I can

assure the hon. gentleman that it is not a question of courage but a question of general convenience.

Mr. Fleming: Whose convenience? The riding has been vacant for four months now.

Mr. St. Laurent (Quebec East): The convenience of the public.

Mr. Fleming: Of the government. It seems to be more convenient to deny the people their representation in the house to suit the convenience of the government.

VETERANS AFFAIRS

COLONEL BELCHER HOSPITAL, CALGARY—ALLEGED REFUSAL TO ADMIT PATIENT

On the orders of the day:

Mr. C. E. Johnston (Bow River): I should like to ask the Minister of Veterans Affairs a question which concerns me because one of my constituents is involved. As a consequence of the distressing incident disclosed in the Calgary *Albertan* of July 19, 1956, would the minister explain to the house why it was that the officials of the Colonel Belcher hospital in Calgary, Alberta, took the inhuman attitude of refusing admittance to a young Strathmore mother who was forced to give birth to her baby on the cement steps of the hospital?

Hon. Hugues Lapointe (Minister of Veterans Affairs): As the reports which appeared in the newspapers in Calgary were contradictory and did not coincide with the reports I received from the departmental officials in Calgary, I have given instructions to convene an independent board of inquiry, which I believe will be meeting this week to investigate the matter and report to me.

THE MINISTRY

REFERENCE TO PORTFOLIO OF POSTMASTER GENERAL

On the orders of the day:

Mr. George H. Hees (Broadview): May I ask a question of the Prime Minister. Now that it has become clear why the portfolio of Postmaster General has been left open, does the Prime Minister not feel that two ministers from Saskatchewan would offset the geographical balance of his cabinet, and would it not be preferable now to give consideration to long overdue cabinet representation to the great industrial belt of southern Ontario?

Right Hon. L. S. St. Laurent (Prime Minister): The hon. gentleman's very wise remarks will be given all the consideration they deserve.

[Mr. St. Laurent (Quebec East).]

NATIONAL DEFENCE

REPORTED SHOOTING OF CANADIAN SEAMAN AT HAWAII

On the orders of the day:

Mr. T. S. Barnett (Comox-Alberni): I should like to address a question to the Minister of National Defence. Could the minister give the house a report on the condition of a seaman from the destroyer *Crescent* reported shot at Hawaii and on the circumstances surrounding the incident, following which according to reports certain United States marines were detained? If the minister has not the information here, perhaps he could bring a report to the house later.

Hon. R. O. Campney (Minister of National Defence): No, I have no detailed information here, but I shall be glad to take the hon. member's question as notice.

BUSINESS OF THE HOUSE

INQUIRY AS TO INTENTION TO PROCEED WITH INDIAN ACT AMENDMENTS

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): I should like to ask the Minister of Citizenship and Immigration whether or not it is intended to proceed at this session with the Indian Act.

Hon. J. W. Pickersgill (Minister of Citizenship and Immigration): Certainly, sir. I hope we shall be proceeding with it before this day is over.

NATIONAL REVENUE

LETHBRIDGE—COST OF OPERATION AND CASES DEALT WITH

On the orders of the day:

Mr. J. H. Blackmore (Lethbridge): May I ask the Minister of National Revenue when the house might expect his answer to the last question I asked him concerning the matter of the Lethbridge district income tax office?

Hon. J. J. McCann (Minister of National Revenue): I expected to be in a position to answer that today, but unfortunately it will have to be postponed for a day or two owing to the absence of one of our officials who was dealing with the matter.

TAXATION

MEASURE TO PROVIDE FOR AGREEMENTS WITH PROVINCES

The house resumed, from Monday, July 23, consideration of the motion of Mr. Harris for the second reading of Bill No. 442, to authorize the Minister of Finance to make

payments to the governments of the provinces and to authorize the government of Canada to enter into fiscal agreements with the governments of the provinces.

Mr. F. G. J. Hahn (New Westminster): Mr. Speaker, at the time of adjournment last evening the hon. member for Burnaby-Richmond (Mr. Goode) had raised the question whether or not I agreed with the statement made by General Simonds. This matter was discussed to a certain extent on the estimates of the Department of National Defence. I began to explain to him that I agreed that a special committee should be set up for the purpose of studying the estimates of the defence department, and I indicated that I would be prepared to determine following such an investigation, before which I hope General Simonds would be asked to attend, whether any credence should be given to his remarks. I would then determine exactly what stand I would take at that time. In the meantime, such a committee not having been set up, I find it impossible to determine whether or not his statements are accurate.

Mr. Goode: Would the hon. gentleman say that he would be favourable to conscription?

Mr. Hahn: I would say that would depend entirely on what the general had to say and could prove to us.

Mr. Goode: Has the hon. member no mind of his own on the question?

Mr. Hahn: With respect to conscription or any other subject, the decision depends entirely upon the authority with which a person speaks in dealing with defence needs, the information he is able to present and the charges he is able to prove. I would certainly let the hon. member know my stand then. I would say that defence spending should not be cut down but rather should be decentralized and more money should be spent on buildings and so on in the poorer provinces so they would be able to improve their position and would not have to suffer the stigma of being referred to as the poorer provinces.

If certain provinces have not progressed as expected since the time of confederation, then the fault lies not only with the Liberal party but also with the Conservative party because they are the parties that have held office from time to time and have governed the country. Any development that has not taken place in the maritimes is of course the fault of the policies these two parties have had from time to time, and they are equally to blame.

It is not my intention to discuss the virtues or ill effects of the adoption of the Rowell-Sirois commission report. That has been done on more than one occasion since the report was made, but I would say that so far as dominion-provincial fiscal arrangements are concerned we have actually two alternatives. One is to come to an agreement with respect to the equalization of taxation as is proposed by the minister at this time. Alternatively, and I favour the plan that we should bring about the development of the non-industrial areas of Canada so we will not have such a thing as poorer provinces.

Since 1945 the federal government has been able to look after peacetime, wartime and defence needs. It has reduced the national debt. It has also reduced the income tax level by some 19 per cent since pre-Korean war days. Yesterday the Minister of Fisheries asked where the money was coming from for the increases we propose with respect to the equalization grants. I think he would agree in this instance that these tax cuts, which were made for election purposes, most notably to serve his own party's ends, certainly did not help the Canadian public very much as such but particularly helped those areas where they had heavy income taxes. These were not the poorer provinces, so it was a case again of giving income tax cuts to those provinces that were not in need of money.

If we are going to follow through the plan of equalization, I feel that it would have been more proper to have kept the rates as they were and to have passed on increased assistance to the provinces through municipal aid and otherwise. As long as private and public investment continues its expansion in this country I contend that the federal government will gain more revenue. That expansion, of course, will increase the gross national product, as I indicated yesterday, and so the government through taxation will feel the effects in its coffers of this increase in the gross national product.

The provinces, of course, have their headaches and I shall probably deal with some of them shortly. The federal government gets the major share of the profits from industrial development through the expansion of corporation taxes and otherwise, and leaves the provinces and more particularly the municipal districts to supply all services such as communication and conservation and development. It is only logical, Mr. Speaker, that the federal government should shoulder a substantial portion of that cost. I would say there is no need for a change in the British North America Act as such. What we need actually is mutual agreement with respect to fiscal responsibility. If we should have a reassessment of responsibility I feel that we could

reach a mutual agreement between the provinces and the federal government, something which is lacking today.

I am one who is opposed to the federal government becoming the caretaker of the provinces. I absolutely disagree with the principle that is involved, namely that the federal government should collect all the taxes and hand them out to the provinces and to the municipal districts to do with as they wish. I say that for the following reason. From time to time we find that those who are given money very freely, as this would apparently be given, have become irresponsible in their methods of handling those funds. While I recognize the fact that the federal government, through the collection of these taxes, simplifies collections and that therefore the Canadian taxpayer will get more for his dollar in so far as the government will receive more, at the same time that advantage would be lost if any irresponsibility were to set in. The proper answer would be the development of the poorer provinces in an effort to bring them up to the standard of the richer provinces.

I contend that the unity of Canada will depend not on non-interference by the federal government in provincial affairs but rather upon federal participation in the development of these provinces. Under the circumstances, because of the lack of development in this country on an equal basis from the maritimes to British Columbia, I must accordingly agree that the need exists for an equalization in taxation to assist these poorer provinces. At the same time I must favour the money being spent for the development of those areas that are not being developed today.

I would say that from an equalization of grants to those provinces it does not necessarily follow that we shall have an equalization of expenditures in those provinces, by reason of the fact that each province has different problems. We have welfare differences in each province. My own province, by way of example, has a health and welfare program which includes a form of health insurance. We also have additional assistance to old age pensioners or senior citizens, whichever you wish to call them, who are in need. We have in the provinces problems that are peculiar to each, such as road building in British Columbia which is much more costly than it would be in Saskatchewan or Prince Edward Island. Each province has the problem of education and the municipal problems peculiar to that province.

There is one place where the federal authority might be of assistance in taking the load from the provinces in this field of education. If the government were to listen to its member from Victoria, British Columbia, who has from time to time expressed the view that a greater expenditure on technical training would be of inestimable value to the provinces, it would be of assistance. I would say that none of that load ought to be carried by the provinces. The federal authority would not be interfering with education by developing the field of technical training, in view of the fact that there is such a need in this country today for such trained people. We have the problems of conservation peculiar to each province, such as the forest production in my own province as compared with other provinces such as Prince Edward Island. We have the agricultural problems in Saskatchewan and Prince Edward Island as compared with the manufacturing production of Ontario, Quebec and British Columbia. There is the problem of resource development, and the lack of natural resources which is apparent in some of these poorer provinces. We do have specific centralization of population and industry in certain provinces which causes an imbalance, as I see it, within the nation itself. This makes it impossible for these poorer provinces to develop as I feel they should develop. We have the problem of marketing as it applies to each individual province.

Now, Mr. Speaker, I maintain it is a responsibility of the government of Canada to develop Canada on a more equitable basis and so prevent the federal government from becoming a caretaker government. It is my contention that if this government were to expend some of its surplus in the development of areas that are today considered the poorer provinces, eventually those provinces would reach a point where they would no longer be so considered, thereby doing away with the need for this parliament to continually revise the tax agreements with the various provinces. The equalization grants as I consider them, mean that a certain amount of this money is being poured down the drain. As I have indicated at other times, there are only so many dollars available from the Canadian taxpayer, and those dollars should be utilized to the greatest advantage of each province in Canada.

In closing I can only urge that this government use some of the surpluses it has from time to time through the growth of the country and the increase in the gross national product for the extension of technical training, for industrial development and to make funds available through the industrial bank to secondary industry to a greater extent

than it is today; to develop power and resources in the various provinces that have no such resources and power available, and to the utilization of our natural resources to the absolute maximum.

If this government follows through with the tax agreement program I am satisfied that five years from now we shall be asked to discuss once again a program of equalization grants for the provinces. In any event this bill should not be passed until such time as we have some indication from the provinces that they are prepared to accept it.

Mr. Thomas M. Bell (Saint John-Albert): Mr. Speaker, if I needed any excuse for intervening in this debate on second reading I think possibly the references that were made by certain maritime members of parliament to conditions in the maritimes would be that excuse. I refer to government maritime members of parliament, who talk about the good conditions that prevail in the maritimes today. They have been called—in particular the member for Shelburne-Yarmouth-Clare (Mr. Kirk)—the Pollyannas of this parliament. If you look at the word "Pollyanna" I think you will find that it is the name of the heroine in a novel who was accused of pure, blind optimism.

In this connection, editorials have appeared in the maritime provinces dealing with the utterances of this member and some other maritime government members. I would point out, Mr. Speaker, it is not very often that we have harsh editorials in the papers in the maritimes. Whether that be good or bad I do not know. I should like to refer briefly to the first paragraph of an editorial in the Moncton *Transcript*.

> Strange indeed are the utterances of some of the members of parliament who, while representing constituencies in the maritime provinces, persist in painting a more roseate picture of conditions here than the facts warrant. Latest Pollyanna seeking to convince the maritimes that all is well and that this section of Canada is enjoying the same degree of prosperity that prevails in other parts of the nation, is T. A. M. Kirk, parliamentary assistant to the Postmaster General and Liberal member for Shelburne-Yarmouth-Clare.

There were some others from the maritimes, Mr. Speaker, who looked at this new legislation through rose-tinted glasses and, as I say, if I wanted an excuse for my brief remarks I can say it was the remarks of those hon. members. But I would prefer simply to say that this is a last ditch appeal to see whether New Brunswick and the maritimes can possibly have one or two somewhat larger crumbs from the plentiful and bounteous table that is Canada.

Whether we be federal politicians, provincial politicians or poor Canadian taxpayers, Mr. Speaker, we have two duties to perform in looking at Bill 442. First of all we have to consider the constitutional aspect of it. I am not qualified, and I do not have the time, to go into its details. Whether one is from a poor or a rich province I feel that one also has to consider the bill from the historical and constitutional angle. We have the history of dominion-provincial relations and the various agreements already on the record. The tendency toward increasing centralization is something that has to be watched, but I shall leave that to the experts. However, the second point—and this is the point we actually have to face up to—that I should like to touch on is what, for want of a better name, I have called the dollars and cents aspect of it.

This legislation has been said to be necessary, of course, to provide a reasonable level of provincial services without an abnormal burden of taxation. I think those are the words of the Prime Minister in letters to the premiers, and they are also already on the record.

I want to take a minute to indicate some of the onerous taxation burdens borne by the province of New Brunswick. I think these are facts and figures which have not yet been brought to the attention of this house. First of all I should like to refer to our problem in connection with education, and the financing we must do in New Brunswick. A royal commission sat last year which dealt quite extensively with the problem of school financing. It was found that the people of New Brunswick spend a higher proportion of their personal income on education than do the people of any other Canadian province, 3·9 per cent in the last recorded year as against 2·7 per cent for Ontario and 2·8 per cent for Canada generally. Of course I could go on to point out how that disparity is increased because our personal income is lower.

This royal commission noted that whereas New Brunswick has 4·4 per cent of Canada's school enrolment it has only 2·2 per cent of Canada's income. Ontario with 32 per cent of the total school enrolment has 40 per cent of Canada's income. New Brunswick lacks educationally because it lacks economically. Then we are faced with the shocking fact that although New Brunswick is making the biggest effort of any province to provide proper educational facilities, it falls far short of the mark.

In that respect I should like to refer to sets of figures which have already been put on the record. First of all is the statement by the leader of the C.C.F. party, the hon. member for Rosetown-Biggar (Mr. Coldwell), who gave the per capita personal income by provinces. It was shown that in 1954 New

Brunswick had a per capita income of $795, which was a little over half that of Ontario which was the highest with $1,470. The average for all Canada was $1,193.

The third set of figures I should like to place on the record deals with the debt of the provinces. The heavy financial burden of New Brunswick has now reached the stage where our per capita provincial debt is $332.07 as against the national average of $238.57, and a low of $99.22 in the case of Alberta. We have the highest provincial debt of any province in Canada. I have already indicated that we carry the highest educational burden of any province in Canada.

The next set of figures which I wish to place on the record was mentioned briefly by the premier of the province at the conference held on March 9. They are significant figures which were advanced as the basis of the formula proposed at that time by the province. They indicate the percentage of provincial and municipal revenue from all local sources paid out of personal income, and the percentage they bore to the total personal income of the province. New Brunswick was highest again with 11·24 per cent, the lowest being Newfoundland which was nearly half with 6·22 per cent. At that conference the premier made this statement:

> The burden of taxation in New Brunswick is very onerous indeed—for the year 1953, it took 41 per cent more of the personal income of the people of New Brunswick than of the average Canadian, and this too out of a personal income only two-thirds of the Canadian average.

Now I should like to refer to the recognition that has been given by certain people in this country to the perilous condition existing in New Brunswick and the Atlantic provinces generally. First of all we had the statement by the financial critic of the Conservative party, the hon. member for Greenwood (Mr. Macdonnell), during the budget debate. He referred to the serious condition which exists in the maritimes and the need for more consideration in the budget and at a later time. It was a straightforward, frank appraisal of the situation. I think it was one of the first national recognitions of the problem facing our province.

Next was the statement made by Mr. Walter L. Gordon in connection with the early sittings of the Gordon commission, who said:

> Canadians need more appreciation of the problems faced in other parts of their country. For instance, New Brunswick is faced with a shortage of cheap electrical power.

Mr. Gordon was very careful to be impartial, but the fact is that there was a further recognition of our problem. Then followed a statement made by the Prime Minister on April 24 at the labour convention in Toronto, when he recognized the peculiar problems which exist in the Atlantic provinces and perhaps mistakenly said it was essential that we should come up with some initiative ourselves in order to receive consideration.

The next important recognition of the growing problem is to be found in a meeting at Sackville sponsored by Mount Allison University and attended by the premiers of the three maritime provinces. This has been referred to before, but I think the statement by Premier Matheson of Prince Edward Island bears repetition. He reiterated his view that Prince Edward Island had not in any way, shape or form got a fair deal out of the federal-provincial conference, that Prince Edward Island probably got the worst deal of all. Premier Hicks also referred to some of the problems down there and guessed that the project would be more harmful than helpful. Those are statements by Liberal premiers of two provinces of Canada.

Then, probably as a culmination of our fears and indignation, a meeting was held on July 9 in Fredericton of the four premiers of the Atlantic provinces. That was a significant meeting. It was unusual that they should sit in that way. I believe it was an omen for the future. It was an indication that we are beginning to co-operate. I could refer to some of the statements made there, but I believe certain of them are already on the record. Surely the Prime Minister and this government will take some recognition of this meeting. It always amuses—perhaps I should not use that word—or delights me to hear Premier Smallwood speak. He is in the unfortunate position, perhaps, of having to speak last at these conferences, due to the fact that Newfoundland came into confederation in the tenth position.

An hon. Member: What is wrong with the last word?

Mr. Bell: Premier Smallwood was very critical of this government and their attitude toward conditions in the Atlantic provinces. Another meeting of this group is to be held in Halifax in the near future. Although I do not have any say as to who is to be invited, I should like to see members of parliament invited, particularly the three cabinet ministers from the maritimes. I do not know what the hon. member for Shelburne-Yarmouth-Clare (Mr. Kirk) or the hon. member for Charlotte (Mr. Stuart) would say if they were invited after what they have said in this house, but they might attend such a meeting and say some of the things they have said here. I do feel

it would be an advantage if federal members, particularly cabinet ministers, were invited to this conference.

Now we come to the proposals that were made by New Brunswick, and I think the ones from Nova Scotia were similar or at least they arrived at similar demands; they were the same in principle. We asked in the province of New Brunswick that special recognition be given to our fiscal needs. We suggested a fiscal need factor. It is in our statement. I shall not bother the house now with the details, but it was based on the request that we be allowed to bring up our income to 85 per cent of the national average. That is not too much to request. We did not go to 100 per cent. We did not say we wanted as much as the rest of the people of Canada. We only said in our modest way that 85 per cent would be good enough.

So we had the suggestion made of a fiscal need factor, some sort of adjustment that would help the poor provinces. Of course it has been said that the result of the proposals made today will be to make the poor provinces poorer and the rich provinces richer.

Mr. Harris: To the contrary.

Mr. Bell: That is true. There have been some contradictory remarks in that respect about this, but the actual fact, and the figures that we have—

Mr. Harris: Who said that they would make the poor provinces poorer?

Mr. Bell: For one I shall quote Mr. Harvey Perry. He does not use that exact quotation here, but I think his words will convey the same impression, and he has expressed it better than I can. He says this:

> In principle the new offer comes within shooting distance of the sort of solution the more needy provinces have proposed at the federal-provincial conferences. They argued that their low-income status should be recognized through grants which would bring their means up to the level of the wealthier provinces. The combination of "standard tax yield" grants and "equalization" grants is in essence a concession to this approach. However, it is less favourable than the formula they proposed.

That is significant.

> Furthermore the relative improvement in the position of the four Atlantic provinces (taking these as the more needy provinces) is less marked under the new scheme of "equalized tax potential" on a per capita measurement than would be expected, because under the tax rental agreements these provinces were receiving a relatively higher per capita payment than most other provinces.

Then he deals with the question of statutory grants, to which I shall come in a minute. That is a statement that was made at that time, and it is made by an expert on this. I shall not go on and explain in my plain English just what has happened to these grants, but I think that it is significant that the premiers themselves—the Liberal premiers too—are dissatisfied with these new terms. I am asking here today when we are going to get this recognition that everybody inside and outside this house has been talking about.

Now I come to the important part of my few remarks, and I hope the Minister of Finance will reply. It was said—I do not have the exact quotation here—that we should be given some further statutory grant that would compare with the grants set out by the Duncan and White commissions. We came up with our proposals for equalization payments on fiscal need. Evidently they have been turned down, but I should like to know what the position is going to be now that the alternative demand has been made by New Brunswick—and I think the other provinces also referred to it in their briefs—for some sort of new statutory grant that would be similar to the Duncan commission grant of 1926 and the White commission grant of 1934. They would now have to be scaled upward with reference to our present provincial budgets, and it is estimated that we would want about $20 million to bring us up to the demands that we felt were reasonable. I feel that the minister owes it to the maritimes to very sincerely reply as to what is going to be the fate of that proposal.

Mr. Perry goes on to say:

> One of the elements under the tax rental agreements which produced this relative advantage was the statutory subsidies. No mention is made in the Prime Minister's letter of the manner in which they will be treated under the new offer. They no doubt will be continued to be paid—

I hope his optimism is not unfounded.

> —but whether they are paid in addition to the amounts offered or are offset against them will be of very material consequence. In total they amount to about $20 million, of which $6 million goes to the Atlantic provinces.

I was more optimistic.

Mr. Harris: There is nothing whatever in this bill about statutory subsidies.

Mr. Bell: I realize that, but I think this is important because it affects our consideration of it. I looked through the bill and I went through every speech the minister has made. I feel he owes it to us to say what the future policy is going to be in this regard. This is all part of the proposals. He has either to dismiss it or mention it in some way. If we are going to get those statutory grants, I am not saying that I would support the legislation, because it has too many other undesirable factors, but it certainly would cut down my criticism if we could have a frank statement about what the future is going to be for those grants.

Mr. Harris: I can make a statement now. As I say, there is nothing in this bill that affects the subsidies and grants; therefore they are going to continue to be paid.

Mr. Bell: Are they going to be given the new consideration that was asked for in our proposal regarding the tax rental agreements?

Mr. Harris: The answer to that is that we are dealing with the division of the three particular tax fields at this time. Other matters are matters of consideration separate from those.

Mr. Bell: It will be the same old story, as far as I am concerned. It is the same old eyewash, whether it comes from the Prime Minister or the Minister of Finance. These smokescreens do not mean anything to me. When the government is again considering the position of Newfoundland in confederation, as is provided under their agreement, under the royal commission that will be set up, I would suggest very seriously that the three maritime provinces be included in that reference. It would save money and it would be worth while. It would give the government a way out to save face, and that is what it is after now.

It is amusing to me. The Minister of Finance spoke in the pipe-line debate. I said he made a good speech and I enjoyed it, but as he developed the picture throughout Canada he talked of pipe lines and seaways and this and that, and then he stopped. I suppose he would say that he was only getting his breath, but I know he was going to go on to something else. We asked, "How about the maritimes?" The only thing he could think of was some of the old public works hand-outs in the ports of Saint John and Halifax and a few other post-election promises—

Mr. Diefenbaker: Pre-election promises.

Mr. Bell: Some of those pre-election promises that turned out to be post-election corpses. I suggest very seriously that consideration be given to the inclusion of the maritime provinces before this royal commission. We are seriously dissatisfied with the treatment we have been given under this new legislation. We are disappointed in the Liberal members from the maritimes who had the temerity to get up in this house and talk about the promises and the hand-outs that have been given to the maritimes.

When it comes to talking about the maritimes I have no pride left. I do not care whether it is crumbs we are looking for or assistance that will give us a little more wealth or what it is; we have to have consideration, and I think the minister realizes it now. The only problem is, how is the minister going to get out of the hole he is in? He knows the result of the New Brunswick election and the impending result in Nova Scotia, which the Liberals fear very much. All will bear out the tale that this government has forgotten the maritime provinces. They played on the sectionalism of this country, one area against another. We came up here with our proposals in a sensible, nonpartisan way. When the Beechwood proposals for hydro development were presented to the legislature of New Brunswick the opposition agreed to those proposals both times. That is a point I should like you to note. Why is it that the Liberal opposition in New Brunswick agrees to our two major demands, yet the hon. member for Charlotte (Mr. Stuart) gets up in the house and says something entirely different?

These are my thoughts, Mr. Speaker. I hope the next time we come up here with a carefully laid out plan for the consideration of the Minister of Finance, the Prime Minister and others, the Minister of Finance will not sit back and smile and say that it is an ingenious plan, as he is supposed to have said. I hope he will definitely give it the consideration that is its due.

Mr. A. W. Stuart (Charlotte): Mr. Speaker, it is quite apparent that the hon. member for Charlotte is not too popular with the Tory members from the province of New Brunswick. I believe that may be a result of my speaking—

Mr. Bell: Is this going to be another personal attack?

Mr. Stuart (Charlotte): I did not interrupt you. Why don't you sit there and take it?

Mr. Bell: I just want to know whether it is going to be sensible, so I can decide whether to stay.

Mr. Stuart (Charlotte): Don't get angry; sit there and take it for a minute. The hon. member who has just resumed his seat wondered what I would do if I were called into one of these meetings of the governments of the maritime provinces. Let me say at the outset that if I were called into such a meeting, and particularly if I were the premier of any one of the maritime provinces, I certainly would not bite the hand that is trying to help me. That is my first suggestion. Take that down, the exact words I have used, and I will tell you why I use those words. I should like the hon. member for Saint John-Albert (Mr. Bell) and some of the other Tories to get up and show me where any Tory government since confederation ever made a subsidy payment of any kind to any one of the maritime

provinces, just once. I lived down there when we had a Tory government—

Mr. Nowlan: That is untrue.

Mr. Stuart (Charlotte): —and I should like them to show me when any Tory government ever made a subsidy payment of any kind to any one of the maritime provinces at any time other than this.

Some hon. Members: Oh, oh.

Mr. Stuart (Charlotte): Yes, and listen carefully. They paid a dole of 20 cents a day in the 1930's. The hon. member for Saint John-Albert has suggested that this agreement can be helpful in no way to the province of New Brunswick. Surely no intelligent person would argue that an increase of 20 per cent is not a help. Surely no intelligent person would argue that the province of New Brunswick, from which $7 million is taken from these tax fields and to which over $19 million is returned, is getting a bad deal.

The hon. member has painted a very gloomy picture of conditions in New Brunswick. I will ask him to go back to the New Year's message to the people of New Brunswick by the Tory premier, on New Year's eve. I can assure you there was no gloom in that message. If there ever was a province, according to him, that could look forward to the greatest era of prosperity in the history of Canada it was the province of New Brunswick. I listened to him on the radio and he did not have a complaint.

I want to go back for a few minutes to the time this same premier was elected in 1952. He was elected on an economy program, and the theme of his election campaign was that they did not need the revenue that was being spent in the province of New Brunswick and that he could run the province in a much better way with much less revenue. That was the plea he made for election. He was elected on an economy program.

At that time the province of New Brunswick was being paid about $13½ million under these agreements. That amount has been increased since 1952 to over $19 million and still the premier of New Brunswick is not satisfied, is not happy and says he is being pushed around. I believe in giving credit where credit is due. If there ever was a government since confederation that has tried to do everything it could for the maritime province it is the government with which I am associated, and proudly associated.

In the last fiscal year $130 million was spent in the province of New Brunswick by the federal government. When my friends to the left suggest to me that this is a niggardly amount I just cannot agree with them. When the hon. member for Saint John-Albert stands up and tries to make the members of the house or the people of my province believe that we are not being treated fairly I just cannot take that kind of stuff because I believe, as I said before, in giving credit where credit is due. Conditions in New Brunswick are a whole lot different with a Liberal government at Ottawa than they ever were with a Tory government at Ottawa.

There is one other suggestion I should like to make to the hon. member for Saint John-Albert. The premiers of Ontario and Quebec are very much dissatisfied with the agreements. Is the hon. member gullible enough to think, if we had a Tory government at Ottawa working with Premier Frost, that Premier Frost would take the revenues from Ontario—80 per cent of the revenues in this country are collected from Ontario and Quebec—and give the greater portion of them to the maritime provinces? Do you think that is what Premier Frost is working for?

Mr. Fleming: Yes.

Mr. Stuart (Charlotte): If you are gullible enough to accept that, don't try to push it down my throat, because I do not think Premier Frost has any interest other than the province of Ontario.

Mr. Fleming: That is silly.

Mr. Stuart (Charlotte): I have heard enough silly remarks from the hon. member who has interjected. Let me give you one he made yesterday. He insinuated yesterday that the Minister of Finance was playing politics with these agreements, and that he wanted to able to declare a great surplus next year because it was going to be an election year.

Mr. Rowe: That is obvious.

Mr. Stuart (Charlotte): If ever I heard politics played since I came into the House of Commons the hon. member for Eglinton (Mr. Fleming) played politics yesterday. In his closing remarks he named the ten provinces in succession. He said that Prince Edward Island was not satisfied. Whoever heard of any provincial premier being satisfied with any sort of agreement where there was any hope of getting more? That is just crazy, and we all know it. The hon. member started with Prince Edward Island and Newfoundland and ended up with British Columbia. He made a plea to the voters. Yet he will accuse someone else of playing politics with this issue.

An hon. Member: To whom is your plea made?

Mr. Stuart (Charlotte): I am just stating the facts and my appreciation for what has been done for my people. That is what I am doing.

Mr. Bell: What about the last election in New Brunswick?

Mr. Stuart (Charlotte): My statements are based on facts and not on rumours, because I have lived there for quite a long time. As I stated a few minutes ago, I lived there when we had a Tory government at Ottawa and I know what we can expect again if that happens.

Mr. Montgomery: A lot better times.

Mr. Stuart (Charlotte): I remember when people were selling potatoes for 10 cents a barrel in your riding and no one but a Tory could sell them. We all remember that. We all remember that not one barrel could be sold by a Liberal.

An hon. Member: Not a five-cent piece.

Mr. Speaker: Order.

Mr. Stuart (Charlotte): I am stating the facts.

Mr. Hamilton (Notre Dame de Grace): Would the hon. member permit one question?

Mr. Stuart (Charlotte): Definitely.

Mr. Hamilton (Notre Dame de Grace): He has just suggested that if a Conservative government were in office it is conceivable that Ontario and Quebec might have received more than under the present agreement. Does he therefore suggest that under the existing agreement they are receiving less than they might under other circumstances?

Mr. Stuart (Charlotte): I did not say anything of the kind. I referred to the plea that Premier Frost was making, with the assistance of the Ontario Tories. God knows it would never elect a Tory government here, but if that should happen do you think for one minute Premier Frost would be as generous with Ontario revenues as far as the maritime provinces are concerned as this government is?

Mr. Fleming: More so. He has said so.

Mr. Stuart (Charlotte): If he is going to be more generous—

Mr. Fleming: His plea has been for all the provinces.

Mr. Stuart (Charlotte): —then his generosity is much greater than the generosity of the leader of your party.

Mr. Rowe: He did the same thing.

[Mr. Stuart (Charlotte).]

Mr. Stuart (Charlotte): I can remember when these agreements were under discussion in 1945 and the leader of your party put his portfolio under his arm, scuttled the conference and went home, so don't tell me about your generosity.

Mr. Rowe: We all went home last time.

Mr. Stuart (Charlotte): The leader of the Conservative party scuttled that conference.

Mr. Fleming: It was the leader of the government that scuttled that conference, and you know it. It was adjourned *sine die* and they were to be brought back, but this government never called them back.

Mr. Stuart (Charlotte): There are some of the greatest dreamers in the Tory party that I ever heard of. I was here at the time and I watched the conference that took place and I know exactly who scuttled that conference. I know why it was scuttled. It was scuttled because George Drew did not want to share any part of the wealth of Ontario with anyone else—

Mr. Fleming: That is as false as anything can be.

Mr. Stuart (Charlotte): —and I do not believe that his generosity would extend one bit further if he were prime minister of this country.

Mr. Rowe: You know you are not telling the truth there.

Mr. Stuart (Charlotte): That is my opinion.

Mr. Rowe: That is your opinion, but it is not the truth.

Mr. Stuart (Charlotte): It is my opinion.

Mr. Rowe: It is just an opinion and it is false at that.

Mr. Stuart (Charlotte): I have heard lots of false things here. The hon. member who has just interrupted me has never made a sensible speech since he has been here. They have all been full of humour but nothing else.

Mr. Rowe: That is another one of your opinions.

Mr. Stuart (Charlotte): Yes, that is another opinion. I do not know why it is that when a Liberal member gets to his feet to express his views he is continually interrupted. The hon. member for Saint John-Albert spoke for 20 or 25 minutes. I did not interrupt him at any time. I sat in my seat quietly knowing that two-thirds of the remarks he was putting on the record were crazy. However, I still sat there and said nothing. I had nothing to say. But the very moment I get

to my feet he gets up in that snarling way, then changes his mind and resumes his seat.

Mr. Hodgson: You are not snarling, are you?

Mr. Stuart (Charlotte): No, I am keeping very cool and I hope to be able to say what I want to say, because I believe it should be said.

There is another thing that I want to say at this point. I believe that when the time comes that we are through debating this subject, we should know exactly where the members of this house stand. I should like to know whether the hon. member for Saint John-Albert will get to his feet and vote against the subsidy payment of $20 million to our province, and then explain to the people what we would do without it. I hope he has the opportunity of doing that, because if the proposal were defeated we would be without $20 million this year. With a total revenue of only $50 million, where would the province of New Brunswick go if that $20 million were taken from it?

Mr. Hodgson: They would get some help.

Mr. Stuart (Charlotte): It would not come from the Tories.

Mr. Rowe: That is your opinion.

Mr. Stuart (Charlotte): It never did come from the Tories. I will go that far.

Mr. Rowe: That is another opinion.

Mr. Stuart (Charlotte): There is no question in my mind that there are many things we need in the maritime provinces, and there is no doubt that there are many things we will receive in the maritime provinces, but I assure you that no appreciation is shown by the Conservative members for that province of what has been done. I have heard references made to the Liberal premiers of the other provinces. I do not hesitate for one moment in criticizing the Liberal premiers of the other provinces because I believe that they are unfair in the statements they have made. I have never hesitated to say that. I refer to the premier of Nova Scotia, the premier of Prince Edward Island and the premier of Newfoundland. I do not agree with what they have said.

Mr. Bell: How about the Liberal leader in New Brunswick?

Mr. Stuart (Charlotte): I will say this for him. He has never said that we had too much revenue and then come begging for more. The premier we have now did not need the revenue we had in 1952. That has increased by $7 million, and he still says it is not enough.

Mr. Bell: Do you agree with his stand on Beechwood and on the tax proposal?

Mr. Stuart (Charlotte): I do not agree with him at all on the Beechwood project. I have stated that.

Mr. Fleming: Do you agree with his stand on the tax proposals?

Mr. Bell: Do you agree with anybody?

Mr. Stuart (Charlotte): Yes; I agree with the Minister of Finance sitting there on the opposite side of the chamber, in what he is trying to do for my province. Just before I resume my seat may I say that the hon. member for Saint John-Albert has brought up another matter that I want to mention. He speaks about the way in which we have been treated. There is a section of the trans-Canada highway that is being built in my province. This government is paying 90 per cent of the cost of that highway, but we never get any credit. The hon. member would come here and say we should pay 103 per cent of the cost of that trans-Canada highway. Two friends of mine wanted to get a job there last week. They could not do so. Any man who works on the highway must get a certificate from a Tory M.L.A., yet we pay 90 per cent of the cost. Deny that statement if you wish to do so, and I can bring the proof.

An hon. Member: It is the same in Quebec.

Mr. Stuart (Charlotte): Yet the federal government is paying 90 per cent of the cost of it.

Mr. Montgomery: Would the hon. member name the man from whom they must get certificates?

Mr. Stuart (Charlotte): Yes; any Tory in the province of New Brunswick, or the minister of public works. I am just putting the facts on the record. The $20 million that will be paid to our province by the federal government is used for one purpose only; that is, to take care of the friends of the premier. But I still support the proposal. When the cheque comes to Fredericton, as I submitted on one other occasion, instructions have been given by our premier that not one single dollar of that money that comes from Ottawa can be of any benefit to a Liberal. It must be used for his own friends.

Mr. Hodgson: Mackenzie King said "Not a five-cent piece to a Tory province".

Mr. Stuart (Charlotte): I still support the proposal, because I know we cannot get along in the province of New Brunswick without it. It is a measure that was fought for by Hon. J. B. McNair, who was premier of New

Brunswick at the time. He stood in the Senate chamber in this building, and when the then prime minister said it would be impossible to renew the agreement unless all the provinces agreed—and I think the Minister of National Health and Welfare (Mr. Martin) will agree with me—he said "Regardless of whether we all agree, we must have it in the province of New Brunswick". If it is such a bad deal as these premiers say it is, why do they all want to make it a statutory matter instead of having to come back every five years and renew it? I just cannot understand the approach they take. They tell us it is not a good agreement but they want it made final and definite for ever more. It is quite evident, in so far as I am concerned, that it is most beneficial to every one of the maritime provinces and in fact to at least seven out of the ten provinces of this country of ours.

I am now going to resume my seat, and I hope the hon. member for Saint John-Albert will not suggest on another occasion that the Liberal members from Nova Scotia and New Brunswick get up here trying to play politics on some measure.

Mr. Bell: I did not say that.

Mr. Stuart (Charlotte): You suggested that, because you said I was not stating facts. If I thought you were not stating facts I would think you were playing politics.

Mr. Hodgson: You did not state any facts; you just stated your opinion.

Mr. Stuart (Charlotte): I have stated facts. The figures prove it. The taxes raised by the province would provide a revenue of about $7 million. They rent the field to the federal government, and in place of that $7 million they are paying the province of New Brunswick over $19 million. Judge for yourself whether or not it is a good measure.

Mr. Fleming: It is not good enough.

Mr. Stuart (Charlotte): It would not be good enough for a Tory unless he was doing it; and if he was doing it, it would be nothing.

Mr. Fleming: It would be a great deal more.

Mr. Stuart (Charlotte): If there were a Tory government sitting here, no one can convince me that they would try to distribute anything that would be of any benefit to anyone other than themselves.

Mr. Fleming: Your mind is closed.

Mr. Stuart (Charlotte): My mind is closed so far as Toryism is concerned, because I have gone through it. I have gone through enough Toryism to know exactly the extent to which their generosity extends. I know it completely.

[Mr. Stuart (Charlotte).]

Mr. Fleming: What about the five-cent piece attitude of Mackenzie King?

Mr. Stuart (Charlotte): I can tell you that there is not much difference between the five cent frame of mind and the 20 cents a day in a work camp for young men all over this country. I am sure no one could call that generosity.

An hon. Member: Nineteen cents.

Mr. Fleming: You know what the people of New Brunswick said last month by their ballots.

Mr. Stuart (Charlotte): Nineteen cents a day is correct.

Mr. Fleming: You know what the people of New Brunswick said last month.

Mr. Stuart (Charlotte): Yes, and I know what the people of New Brunswick said in the federal election in 1935, what they have continued to say ever since then, and what they will continue to say in the next election.

Mr. Fleming: Why not bring on that next election very quickly instead of putting it off?

Mr. McCann: Oh, you don't want it at all.

Mr. Stuart (Charlotte): I will say this to the hon. member for Eglinton. The time may yet come when I will have the flag draped over my desk. All we can do is wait and see. Before I sit down I just wish to add another remark. I feel it is a good agreement. I believe sincerely that it will be most helpful to every citizen in the province of New Brunswick, along with the other social services that have been provided, but not by the Tories. Each and every one of the social services they have enjoyed was provided for them by this government. I do not doubt that some of them might be taken away by a Tory government, but I assure you that they will never be added to by such a government.

Mr. Fleming: That is the same old story. It is false Liberal propaganda of the most shameful variety.

Mr. Stuart (Charlotte): I know the hon. member dislikes me—

Mr. Fleming: I do not dislike you, but I dislike falsehood.

Mr. Stuart (Charlotte): I will say this in all sincerity, the hon. member is one of the old, dyed in the wool, flag-waving Tories in this country. There are not many of them left, but he is an honest, sincere, flag-waving Tory.

Mr. Hodgson: What are you, an old flag-stomping Grit?

Mr. Stuart (Charlotte): I am a Grit.

Mr. Ferguson: I am proud to wave it on all occasions; are you?

Mr. Stuart (Charlotte): Not when it is used for deceitful purposes, as it was used for deceitful purposes in 1911. When it is used for political purposes I have not any use for it.

Mr. Ferguson: Use it on every occasion.

Mr. Stuart (Charlotte): It should not be used for draping desks.

Mr. Ferguson: It is the greatest flag that has ever flown in the world. Wave it on all occasions.

An hon. Member: Who is the stranger we have?

Mr. Deputy Speaker: Order.

Mr. Stuart (Charlotte): I agree it is the greatest flag. I believe, Mr. Speaker, it is useless; apparently I have touched on a very sensitive subject. I realized it was sensitive when I mentioned it, because it has been used on so many occasions for that one purpose only.

Mr. Hodgson: By the Grits.

Mr. Stuart (Charlotte): The hon. member behind says, "By the Grits". Any time I have ever seen a Grit use a flag it was used for a noble purpose. I have yet to see it used in an election campaign to try to deceive the people; never in my memory.

Mr. Ferguson: Any time is the time to wave the flag. Wave it on every occasion. The flag can never be waved on a wrong occasion.

Mr. Deputy Speaker: Order.

Mr. Stuart (Charlotte): I guess I have created a lot of heat. I appreciate the opportunity of expressing my views. Again I would say that I believe my views will be endorsed by the great majority of the citizens of the country.

Mr. Fleming: When?

Mr. Stuart (Charlotte): Now and at the time of the next election.

Mr. Fleming: When will that be?

Mr. Stuart (Charlotte): My guess would be about June, 1958, because I think nothing would please the hon. member for Eglinton more than to see it delayed for a couple of years to see if the Tories could not make some gains.

Mr. Fleming: What rot! Why do you not bring it on now if you are so confident?

Mr. Stuart (Charlotte): I am going to suggest that date, but nothing would please the hon. member more than the opportunity to delay it for three years because their chances of getting anywhere today are nil.

Mr. Fleming: That proves you are crazy. All doubts are removed.

Mr. Stuart (Charlotte): I may be crazy, but I could never take any satisfaction out of having a flag draped over my desk and, like a soldier, marching out through the door. I have never played politics to the extent that I wanted that sort of publicity, publicity apparently of which the hon. member for Eglinton is very proud, as are some of his friends. It is publicity that I would not want. I thank you, Mr. Speaker.

Mr. Stanley Knowles (Winnipeg North Centre): I rise to say a few words, Mr. Speaker, on behalf of the forgotten Canadian so far as this bill and these taxation arrangements are concerned. The Minister of Finance and other government spokesmen speaking in support of this legislation contend that it is designed to meet the need for some reallocation of revenues, and to assist the various governments to meet their financial responsibilities. Other members of this party, and other members in the house, have dealt with the question as to whether or not this bill goes any distance in enabling the various governments to cope with those responsibilities. It seems to me, as one who has listened to this debate both at the resolution stage and on second reading, that there is a forgotten Canadian so far as this bill and these arrangements are concerned. I refer to our old age pensioners.

I make no apology, Mr. Speaker, for mentioning old age pensions in connection with this bill; for government spokesmen themselves, in their effort to persuade parliament and the country that the federal government is doing something magnanimous toward the provinces, have drawn attention repeatedly to the amount of money that goes from the federal treasury toward old age pensions and other forms of social security.

We in this group are proud of the extent to which Canada has moved in the direction of social security. We are proud of the fact, and we believe we played some part in it, that some of our social security at any rate has been established on a basis of universality. We hope the day will come when we will have an over-all social security program based on that principle of universality, so that all Canadians will have certain guarantees which we believe are their right because of the contribution that all Canadians make to the economy and well-being of this country.

Nevertheless, Mr. Speaker, it seems to me most regrettable, in fact so far as I am concerned it is quite unforgivable, that in these times when the federal government has been entering into new taxation arrangements; in these times when the government claims to have been facing up to the financial responsibilities of the federal government and the various provincial governments, it has apparently given no consideration to the financial needs or the plight of our old age pensioners.

Mr. Harris: How would you do that in this bill?

Mr. Knowles: The Minister of Finance and others on his side of the house, as I have already said, have made reference to what the government is spending on old age pensions as part of the total relationship between the federal government and the provinces with respect to the sharing of the revenues of this country.

Mr. Pickersgill: I am rising on a serious point of order.

Mr. Knowles: May I ask the minister why he did not rise on the same point of order yesterday when the Minister of Fisheries was talking about old age pensions.

Mr. Pickersgill: No, you may not. I have the floor. I rise on a point of order. I have sat and listened patiently hour after hour throughout this session to the hon. member for Winnipeg North Centre, and he has spent very little time listening to me. I suggest that he really sit down in his seat and allow me to say what I have to say on the point of order.

I believe that it is not an exaggeration to say, and I am speaking directly on the point of order, that there has not been one speech made in this debate yet relating to the bill except the speech made by my hon. friend the Minister of Fisheries, who did deal with the bill. But most of the members do not pretend to know the rules, certainly most of the members do not set themselves up as experts on the rules. The hon. member for Winnipeg North Centre has bored this house hour after hour since January on points of order.

Mr. Rowe: What is your point of order?

Mr. Pickersgill: My point of order is that the principle of this bill has to do with certain tax arrangements between the provincial governments and the federal government, and with nothing else; and that it is quite proper for my hon. friend the Minister of Finance to point out that he can afford only so much for this purpose because he is spending money for other purposes, and that it is quite proper for my hon. friend the Minister of Fisheries to do the same thing. But it is an abuse of the rules, and a gross abuse of the rules, for hon. members, under the colour of talking about this bill, to rise in their places and make a plea for something entirely different. I would ask, sir, that you make a ruling on this point of order.

Mr. Knowles: Mr. Speaker, may I speak to the point of order? The Minister of Citizenship and Immigration contends that it is quite proper for the Minister of Finance to refer to old age pensions and that it is quite proper for the Minister of Fisheries to refer to old age pensions, but the moment the member for Winnipeg North Centre refers to—

Mr. Pickersgill: Starts to make a speech about them.

Mr. Knowles: —old age pensions he raises a point of order. Mr. Speaker, my contention is that this debate, and properly so, if one will look at the explanatory notes with reference to the bill, has ranged over the whole field of financial arrangements between the federal government and the provinces. Government spokesmen themselves have introduced time and again the question of old age pensions and the money paid out in old age pensions as part of the over-all fiscal arrangements between the federal government and the provinces. Other members have been permitted to discuss not only this question but all kinds of questions, such as the discussion we had today between the hon. member for Saint John-Albert and the hon. member for Charlotte. We have had questions affecting the economy of the country in all its aspects; but it remained for the Minister of Citizenship and Immigration to suggest that the member for Winnipeg North Centre should not talk about old age pensions, the expenditure of money on which is definitely a part of the fiscal arrangements between the federal government and the provinces.

I suggest, Mr. Speaker, the ruling that you should make is that there should be no discrimination against the member for Winnipeg North Centre that has not been practised against the Minister of Fisheries, the Minister of Finance or any other government spokesman.

Mr. Deputy Speaker: Order. The Minister of Citizenship and Immigration has raised a point of order which I believe is only partially justified.

Mr. Hees: That is more than usual.

Mr. Deputy Speaker: It seems to me that many speakers in the debate have referred to the aggregate of payments being made to provinces and in provinces and that they

have quite properly done so. I therefore feel that the reference to payments in a province in respect of old age pensions is quite proper and, as I said, hon. members have done that. At the same time, I do not believe that on a bill with regard to fiscal arrangements with the provinces one should make an entire speech on old age pensions. I think there is a dividing line, and I feel sure that the hon. member for Winnipeg North Centre can see the dividing line. I am certainly not going to prevent him from referring to old age pension payments, but I believe he will agree that he should not devote a whole speech to old age pension payments.

Mr. Knowles: Mr. Speaker, I agree thoroughly with your ruling.

Mr. Pickersgill: So do I.

Mr. Knowles: It is not my intention to make the whole of this speech on old age pensions. When I wish to make a speech entirely on old age pensions I shall make it on the estimates of my friend the Minister of National Health and Welfare, or on some other appropriate occasion.

I might point out that there have been speeches in this debate devoted wholly to education; speeches, incidentally, with which I agree, but a point of order was not raised on those occasions. My point is this, and I urge it upon the Minister of Finance and the government as a whole; that at a time when the government is allegedly considering the financial needs and the financial capacity of the country, when the government is in a sense realigning the distribution of revenues, and when it, as part of that picture, claims credit for what it is doing for old age pensioners, it should consider their situation as well. I submit, Mr. Speaker, in view of the increased gross national product, the increased base that there is for taxation on the basis of which the government boasts that next year there will be a larger payment by $115 million a year to the provinces, it should consider what its responsibilities are to the senior citizens of this country.

One of the arguments the government makes, either directly or by implication, is that these arrangements will put the provinces in a position to discharge more adequately their responsibilities. There flows from that implication a view which has been expressed on occasion by the Minister of National Health and Welfare, and also by others, that the provinces have some responsibility in this field of old age pensions. The fact of the matter is that some of the provinces are doing their best to make supplementary payments to old age pensioners; but it seems to me, Mr. Speaker, that that is getting away from the very excellent principle which this parliament supported when it passed the Old Age Security Act and provided for old age pensions on a basis of universality. I contend, Mr. Speaker, that the very considerations that have prompted the government to revise its formula so far as federal-provincial taxation arrangements are concerned, considerations which include a greatly increased gross national product in this country, call for a change being made at the same time in the amount paid to our old age pensioners.

The present amount of $40 a month was set back in 1949, when our gross national product was something of the order of $16·4 billion a year. It has risen now—

Mr. Martin: I think there must be some fairness in this matter. My hon. friend has been anxious for my estimates to come up this week. I am here now, as my hon. friend knows, at considerable personal inconvenience. I have sat around here now hoping that we might get on with my estimates today, or at least not later than tomorrow. My hon. friend wants to go to Winnipeg, and quite properly, on Saturday. I think there is such a thing as fairness and I would ask him if the appropriate place to discuss what he is now discussing is not on my estimates when I will have the opportunity of replying. I would think, in the face of all the facts, my hon. friend is taxing the quality of fairness to a very great extent. In view of all these considerations and in view of what he and I discussed the day before yesterday about my estimates, I would ask him whether that is not the appropriate place to make the speech he is now making, and to which I would have an equal opportunity of replying in kind.

Mr. Knowles: Mr. Speaker, first of all may I say to the Minister of National Health and Welfare that he does put me at a slight disadvantage when he discusses any personal conversations we have had. It puts me in the position where I have no alternative but to remind him that he told me he was leaving town tonight and would not be here for his estimates during the remainder of this week—

Mr. Martin: And I am going to leave tonight if my hon. friend does not change his attitude.

Mr. Knowles: If he now tells me that he will remain for his estimates any day this week I certainly will oblige him and leave any discussion of details of the old age pension situation until those estimates; but apart from the kind of considerations that we shall present to the Minister of National Health and Welfare, the human considerations that

call for an increase in the old age pension, I say to the Minister of Finance, to the Prime Minister who is now in his seat, and to the government that in the context of the federal-provincial taxation arrangements that are being made, this is an issue that should be considered.

On that basis I shall hold off the remarks I intended to make even in this context with regard to old age pensions. My feeling and the feeling of this group is that they should be increased at this time to a figure of not less than $60 or $65 a month. I shall hold those arguments and details until we get to the estimates of the Minister of National Health and Welfare. But I do press upon the Minister of Finance and the government as a whole the contention that in the context of these agreements, to be talking about meeting the financial responsibilities of the country by making arrangements that do not take into consideration these forgotten old age pensioners is not fair. Some of the benefits of these agreements or these arrangements, whether they are adequate or inadequate, will get through to many of the people of this country, but none of the benefits from these arrangements will get through to our senior citizens. That is wrong. I contend that the question of old age pensions should be dealt with in this context.

Since I now have the word of the Minister of National Health and Welfare that he will remain for a day or so—

Mr. Martin: I did not give you any such undertaking at all. I think it is about time this government ordered its business in accordance with the wishes of the government, and not to permit certain members to attend a party convention.

Mr. Knowles: I suggest that when one starts discussing any personal arrangements that have been made he gets into difficulty. I am prepared to assume that the estimates of the Department of National Health and Welfare, having been announced for this week, will be proceeded with as publicly announced the other day by the leader of the house.

May I get back to saying just a brief word about the agreements themselves, or rather the arrangements envisaged in this bill. As members of this group have indicated already, we are disappointed. We feel that the government is departing from the principles laid down originally in the green book proposals. We feel that the government is departing from the principle of fiscal need and of trying to achieve a Canadian standard as set out in the tax rental agreements. We would rather see tax rental agreements than what are called in this legislation tax-sharing arrangements.

We hope that even after this bill receives second reading, as it probably will, further consideration of the whole matter will be given and that even yet there will be further discussions with the provinces as to the possibility of achieving something better than is provided in this bill. We of this group recognize that not to have this bill and these arrangements, not to have anything in this field, would be a more retrograde step, and on that basis we shall probably have no alternative but to accept the bill on second reading. But we urge that even after second reading, even if the bill passes, the government consider the extent to which it has retreated from the position it took and the position the Minister of Justice argued for so strongly in Manitoba during the last federal election, when he contended that the tax rental agreements must be preserved and saved. We regret that there is a retreat from that position.

Mr. Pickersgill: This is an advance from that position.

Mr. Knowles: Is this a point of order?

Mr. Pickersgill: I say that this bill is an advance from that position.

Mr. Knowles: The Minister of Citizenship and Immigration is entitled to interpret the position in that way. I do not know whether the literature used in Manitoba during the last federal election by the Liberals was also circulated in Newfoundland. If not, the minister could probably get from the Minister of Justice some of the literature which was circulated in our province, and then I suggest he will have to reconsider the statement he has just made.

Nevertheless it is my plea to the government that it not take the approval of this bill on second reading as the end of the story. I hope that even when this bill passes it will be just a peg to make sure that the fiscal arrangements with the provinces will not be any less or any worse than they are in this bill, but that real improvements will be made. We hope that consideration will be given to taking further steps in the direction of building a stronger and more united Canadian nation.

Mr. J. H. Blackmore (Lethbridge): Mr. Speaker, we were wondering why the Minister of Finance did not make a statement in moving second reading of this bill, and we wondered also whether we were given a suggestion of an explanation when the Minister of Fisheries rose yesterday and gave the house in his entertaining way a speech which was in large measure shot clean through with errors. In the light of that fact we

were somewhat surprised to have the minister tell us that was the best speech which had been delivered up to the present time in this debate. There is just one thing we hope, that this speech of the Minister of Fisheries is not an indication of the kind of campaign the Liberals will be conducting the next election. We hope there will not be a deliberate attempt to mislead the people by making it impossible for them to know the true issues.

We listened with great interest to the exchange between the hon. member for Charlotte (Mr. Stuart) and certain members of the Conservative party. Those people were telling each other just exactly what they thought of each other. They were honest and clean about it. They were stating facts. If there is anything I absolutely despise when I am dealing with anyone it is to have him misrepresent the position which he knows I take. If there is anything I would despise in myself it would be just exactly that very thing. If the thing I stand for is unworthy, then the mere fact that it is unworthy ought to be sufficient to condemn it. It does not need to be misrepresented. If the case of my opponent is worthy, he does not have to misrepresent my case in order to advance his own.

Perhaps the Minister of Fisheries is wondering just what I have in my mind. I propose to deal with one or two passages in his speech. One is to be found on page 6313 of *Hansard* of July 23 and reads:

> There is only one Canadian government in history that ever repudiated interest payments on government bonds. I refer to the Social Credit government of Premier Aberhart, but even they would not do that today, I think, so there is no hope of a reduction in this field.

The Minister of Fisheries has been in Canada long enough to know better than to make a remark of that kind. The government of Premier Aberhart did not repudiate the interest on bonds, it did not repudiate its bonds. There was every reason why it was put in such a difficult position that the measures it took were about the only ones it could possibly take.

Mr. Sinclair: What were those measures?

Mr. Blackmore: I will give them. I shall be glad to do that. I am happy to see that the Minister of Fisheries is apparently aware now that what he said was not the truth. Let me give the house the facts, which I hope all Liberal members will get accurately and will not try to misrepresent the Social Credit position by saying things which are half truths or absolute falsehoods.

In the first place, let us consider the position faced by Premier Aberhart when he went into office in Alberta. Let us remember that Alberta was in an absolutely hopeless financial position when Premier Aberhart took over. This is something which no Liberal ever makes allowance for at all. In the spring before the Social Credit party was elected in Alberta the U.F.A. government had tried to float a loan and failed, and had to withdraw the bond issue. This meant that they simply could not by borrowing meet the commitments with which they were confronted. What does this mean in the minds of all members, including the Minister of Fisheries? It means that the province had got into a hopeless position financially. We never hear anything about that. It is very true.

It is important to note that because of policies that were adopted either in Ottawa or in Washington which brought on the depression in 1929-30, the province of Alberta was forced into debt—$50 million—during the depression years. The U.F.A. government, which up to that time had done a good job in Alberta, was simply forced into the position in which it was unable to raise the money it needed.

This is the next important thing to get in mind. The U.F.A., as part of what they thought a good method of financing, had adopted the policy of selling Alberta savings certificates. You are not dealing with the Social Credit now, so don't lie about it. The U.F.A. had sold these savings certificates. A savings certificate was a promise on the part of the government to pay a certain amount of money on demand with interest at 4 per cent. Just get what I am saying. It is not easy to get these facts, anyway. The province of Alberta would borrow $100 from a man just as though he put $100 on deposit in the provincial treasury. It would agree to pay that $100 back when he demanded it, and would agree to pay him 4 per cent interest on that money until he demanded it. That is simple; anybody can see that. It was good business, because 4 per cent interest was a great deal less than Alberta had to pay for money on the money market. Altogether the U.F.A. had borrowed from the people of Alberta $10 million in that form. In other words there was outstanding $10 million of Alberta savings certificates. Once more remember that Social Credit had not come in at that time.

The next important thing is this. The member for Peace River reminds me of it. The member for Peace River was provincial treasurer in the Social Credit government of Alberta, and he knows. There was not a dollar of reserve on hand to meet those demands. In other words, there was a $10 million debt against Alberta with no reserve whatsoever,

no sinking fund. That was a very serious situation. I ask the Minister of Fisheries what he would have done about that if he had been premier of the government of Alberta in the place of Premier Aberhart.

Mr. Sinclair: I shall answer that right now.

Mr. Blackmore: Do so.

Mr. Sinclair: If I had been premier of Alberta I would have done what the premiers of the other eight provinces did at that time. They honoured their obligations. Alberta was the only government that did not honour its obligations.

Mr. Blackmore: I am glad the minister raised that. It indicates that he is honest in this matter. What would he have done had he been Premier Aberhart, if he was given control of a province that was $167 million in debt, with $10 million of that particular kind of debt, and he knew he could not borrow money on the world's markets, because the U.F.A. had failed?

Mr. Sinclair: I should be very happy to answer that.

Mr. Blackmore: I shall make it a little more difficult first. The first thing I think the Minister of Fisheries would have done would be to go to Ottawa and ask for advances of money to help the province of Alberta meet its commitments.

Mr. Sinclair: Why not let me answer what I would have done, instead of putting words in my mouth? I repeat that I would have done what the other eight provincial premiers did and managed to meet my obligations, but one reason Premier Aberhart was unable to raise the money was that nobody in North America had any faith in lending him money. They had faith in the other premiers.

Mr. Blackmore: Then why did they not lend money to the U.F.A. government when they asked for it in the spring? Why would they not lend money to Alberta in the spring?

Mr. Low: Why did the U.F.A. government have to withdraw their loan?

Mr. Sinclair: They repudiated.

Mr. Blackmore: They did not repudiate the debts. We want to get the facts straight. We do not want the political answers of the Minister of Fisheries. The important thing is that there was only one place where Premier Aberhart could have got the money, and that was Ottawa. He certainly had a right to expect that he could borrow that money, because he had inherited a situation for which he had no responsibility and which he was trying to clear up. He was trying to solve the financial problems of Alberta. The Alberta Social Credit league was a league of ordinary citizens of Alberta—Liberals, Conservatives, C.C.F. and every other kind politically—formed together to get the province out of a mud hole from which it looked impossible to get out. Certainly the efforts of a group of people like that ought to have been looked on with sympathy by Mr. Mackenzie King, and would have been if he had been a real prime minister instead of a politician. There is no answer to that at all.

Mr. Pickersgill: May I ask the hon. member a question?

Mr. Blackmore: Let me get the facts on the record first, not interspersed with a whole lot of political nonsense. These are the facts. Have you not honesty enough to recognize facts when you hear them? The next important thing is that he sought assistance from the Bank of Canada, but he was refused. Then, what could be do? When Manitoba and Saskatchewan went to get assistance with their loans, they were given the assistance that Alberta was refused.

Mr. Sinclair: They had good stable governments.

Mr. Blackmore: Don't say foolish things. Face the facts. What could a man do? What could any government do? The next important thing was this. The U.F.A. government before it left office was trying to keep up the payments on those Alberta savings certificates. They were trying to pay the 4 per cent interest so there would not be a run on the province to get the $10 million, which would make the situation much worse. However, in so bad a condition did the U.F.A. government find itself that on August 27th, 1935, five days before the Social Credit government of Alberta took over, which happened on September 3, 1935, after the election had occurred on August 22, 1935—before the Social Credit government could take over at all, the U.F.A. refused to pay the interest on this $10 million of savings certificates. There is no answer to that. They had refused to pay when the demands for deposits were made.

Considering the loan which the U.F.A. government of the province of Alberta sought to float in the spring of 1935, and considering the fact that these $10 million demand savings certificates at 4 per cent had to be met, and that all those things happened just as they did, there was not even a shred of credit for the Alberta government in the markets of the world. They could not borrow a dollar from the banks.

Mr. Low: They already had $5½ million overdraft.

Mr. Blackmore: That is another thing the U.F.A. government had done. Furthermore, here is another thing the U.F.A. had done. They gave a postdated cheque for $500,000 coming due in October, just after the new government would take office, and this $500,000 was spent in building roads. William Aberhart said that financially in Alberta the bottom was scraped out of the barrel. Not only was there no money in the treasury but the bottom was scraped out of the barrel. Now, then, I wish the Minister of Fisheries would do a little thinking, and with him the Minister of Citizenship and Immigration, and tell me what you would have done if you had been premier of Alberta. You could not have done anything.

You would have had millions and millions of dollars coming due, because loans had been contracted at intervals of probably four months, six months and so forth. Alberta's bonds were coming due and had to be renewed but they could not be renewed because Alberta had no credit, not because of any fault of Aberhart, not because of any fault of the Social Credit government. The reason there was no confidence in Social Credit in Alberta all over the country was the infernal lies that had been told by the very people represented by the Liberals in this house, just as lies are now being told about the people who were in charge of Alberta at that time.

There was the interest on Alberta's debt. If I remember correctly, the average interest on Alberta's debt was 4·98 per cent, and on some of it the rate went up as high as 6 per cent. Let us say one of those loans came due in January, 1936. I ask the bright men who have had so much to say what they would have done about it. Just wait until I am done. I am going to stay right here and I will answer every single question every one of these apologists for Liberalism asks, and I will answer him until he will be ashamed he asked it, because I know. I was there. The hon. member for Peace River was in the cabinet. He knows. He lived right through it. We can bring the records to prove every single thing I have said.

The important thing is that Aberhart took over an impossible situation in Alberta, and when he died he had Alberta pretty nearly "sitting on top of the world", the envy of everyone, and that change took place in just a few years. He died in 1943. He had only eight years in which to govern the province, but by that time the province's credit was wholly restored. In a very few years Alberta's bonds were gilt-edged, as they are today. There are no finer bonds in the world.

An hon. Member: Everything was "oil" right.

Mr. Blackmore: How was that achieved?

An hon. Member: Oil.

Mr. Blackmore: If Aberhart was so bad a man as some of the simply dishonest people in this country would represent him to be, tell me how he accomplished that objective and still provided a great many fine services such as roads and all that kind of thing, roads superior to any that had been built before by any Alberta government. There was no major oil field at that time. There was no source of income at all, except what could be taken out of the very much impoverished people of Alberta.

Bond issues came due and the province of Alberta knew perfectly well that they could not pay the interest, but they were anxious to be square and do something like the right thing. That is what they tried to do. They talked with the people who held Alberta savings certificates and said, "If you will give us a ghost of a chance we will clear the whole thing up, but you have got to give us a chance." Where is there in this house a member who on occasion has not been in the position where he simply could not meet his commitments and had to go and deal with those he owed and say, "If you will just give me a chance I will clear this up."

That is what Premier Aberhart did, and the only people who would not listen were the bondholders. Some people will say there was a reason, but there were members who have sat right in this house who were involved. Anyway, what did the Alberta government do? They said to the people whom they owed, "We simply cannot possibly pay you the full interest rate. If we pretend we can we will only drive our province into a deeper and deeper morass of debt and make the situation more impossible all the time. Therefore we are going to cut the interest rate by 50 per cent for the time being, and we are going to put at your disposal 50 per cent of the interest. If the rate is 4·9 we will pay to your credit 2·5, or whatever the fraction is and you can take that and in due time, if the Lord blesses us so we can get out of debt, we will pay you back every cent of interest we ever owed you." That is what they did. Let the Minister of Fisheries tell us how that could be surpassed. I assume that is what he was referring to when he spoke about Alberta defaulting on the interest rate.

Mr. Low: He said "repudiate".

Mr. Blackmore: See how very, very wrong that word "repudiate" is. Alberta has never repudiated a dollar. It paid one-half the interest until such time as by dint of the tremendous efforts of the hon. member for Peace River, acting as provincial treasurer, and others, they were able to refund Alberta's debt at an interest rate that ought to have applied in the beginning, and to get themselves on a firm financial basis such as they are now on. Then in 1945 they began to pay back the other half of the interest rate which my hon. friend said they repudiated.

Mr. Sinclair: Only to those who held on.

Mr. Blackmore: You could not expect anything better.

Mr. Sinclair: The people expected fulfilment of their contract.

Mr. Blackmore: Why did they not go and ask for it?

Mr. Sinclair: What I said on page 6313 has been substantiated by the hon. member. They did repudiate their contract to pay full interest, but you have learned your lesson and you now tell us you will never do it again, for which I thank you.

Mr. Blackmore: We have said nothing of the kind.

Mr. Sinclair: You are going to do it again?

Mr. Blackmore: The simple fact is that anyone who gave up—

Mr. Low: There is quite a difference between "default" and "repudiate".

Mr. Sinclair: Who is making this speech, the hon. member for Lethbridge or the hon. member for Peace River?

Mr. Blackmore: He should be able to make a few remarks when the Minister of Citizenship and Immigration has so much to say.

Mr. Knowles: As long as the Minister of Citizenship and Immigration does not object it is quite in order.

Mr. Blackmore: Mr. Speaker, may I call it one o'clock? I have some more talking to do to these men.

At one o'clock the house took recess.

AFTER RECESS

The house resumed at 2.30 p.m.

Mr. Blackmore: Mr. Speaker, before the house took recess I had been considering a remark made by the Minister of Fisheries, in his speech yesterday as reported at page 6313 of *Hansard*. The net result of my examination of that subject seemed to be that we showed that when the minister said, or implied, that Alberta had "repudiated interest payments on government bonds", while he might have used the expression very innocently, it certainly did not in reality mean anything like what it looks to mean as it appears in the speech. We found out that Alberta did not repudiate the interest on its bonds, but that it did cut the interest on those bonds in half. Then, after it had recovered its financial position in 1945, refunded its debt and got on its feet so it could go forward, it began paying back that interest which had accrued from the other half of the interest rate which had been cut in two by the government back in 1936 when it found itself in such severe straits that it was simply unable to pay the full interest rate. Such having been made quite clear, I think we shall just leave that aspect of the question.

Mr. Sinclair: I wonder whether the hon. gentleman would permit one question.

Mr. Blackmore: I shall be glad to do so.

Mr. Sinclair: I think most of us perhaps had not realized quite how bankrupt the U.F.A. government was before the election of 1935, but the hon. member has made it quite clear that not only had they no money but that they were hopelessly in debt. That was before the Social Credit government took over. Then do you not think it was perhaps politically dishonest, in view of that situation, for Aberhart to promise the electors of Alberta that if he were elected he would pay them $25 a month?

Mr. Blackmore: I do not think so. The important think to bear in mind in this connection is this: That is a very honest question, but the important thing to bear in mind that Aberhart talked about over and over again was this: He said "There is no area I have ever seen on the face of the earth where there exist such bountiful resources. No one can tell me that in any province where there are such resources of such variety, people need to be in poverty".

Mr. Sinclair: Why didn't he pay his interest?

Mr. Blackmore: He was not able to do so until he got on his feet. He did not say he would start to pay $25 the day after he got in power.

Mr. Sinclair: He gave that impression.

Mr. Blackmore: That was not his fault. The next important thing is this: The resources and the productive capacity of a province or any other area are the things

that ought to determine how well off the province is or how well off the people are. To go back to the Indians in former times, if there were plenty of buffalo, plenty of fish and firewood and of every other thing the Indians needed to have, in order to live up to a high standard, the Indians were intelligent enough to live up to that standard. It took the white man to say men could not live well in the presence of great resources and abundance. Aberhart saw that it was possible to use the resources of Alberta to give the Alberta people a high standard of living.

If Aberhart could have lived for 15 years he would have shown that could be done, even under the present orthodox financial system. But he was contemplating the introduction of the Social Credit system under which the government would monetize the goods which were produced by the province and use the money resulting from that monetization in order to distribute the goods among the people of Alberta in the form of dividends and in the form of compensated discounts. Social Credit maintains that can be done today and that anyone whosoever who looks at realities as they are must confess that it can be done. If it can not be done it must indicate a bankruptcy of intellect on the part of those who are administering the affairs of the country.

I think I have answered the question my hon. friend asked. Aberhart knew how serious the situation was. There was no man in Alberta and probably no man in the country who had greater skill in managing finances than had Aberhart himself.

I go on from that point. There is one matter that one of my colleagues mentioned; that is, there have been some people over here on the opposite side who made some remarks about oil. Those people undoubtedly implied that Alberta had plenty of oil and that this fact got us out of the difficulty. That is not what got Alberta out of her difficulty. The major oil discovery was not made until 1947 in Leduc, and Aberhart died four years before that occurred. Yet he had the province of Alberta on a fine standing of living already when he died.

When I finish this talk we will ask the minister of lands and mines in Alberta, if he feels so disposed, to tell us whether or not what I have said is correct about the first major oil well in Alberta being in the Leduc field in 1947. It is true that in Alberta oil had been discovered. There was discovery of oil in Alberta as far back as 1914, but not in any such quantities as to give the government a revenue of any considerable proportion at all. Hence the profit from the oil in Alberta came only as a result of the discovery of the Leduc field.

Maybe I might just say another word while I am on that subject, since the question has been raised. Alberta has made money from the oil by selling the right to drill on crown reserves. What that means is this! If we had the land laid out in the form of a checkerboard and if a company discovered a major oil deposit in one of the blocks of the checkerboard, the province of Alberta would reserve to the crown the blocks on all four sides of the square on the checkerboard. Then in due time, when the demand became strong for the right to drill on those reserves, Alberta offered a given reserve for sale at auction. That is, Alberta offered to sell the right to drill.

Mr. Pickersgill: Mr. Speaker, in fairness to the hon. member for Winnipeg North Centre I am rising on a point of order.

Mr. Blackmore: If the hon. gentleman will just listen to what I am saying—

Mr. Pickersgill: I am rising on a point of order.

Mr. Blackmore: If the hon. member will get what I am saying I should be obliged. I would ask him not to break into what I am telling him.

Mr. Pickersgill: I am rising on a point of order.

Mr. Deputy Speaker: Order. I understand that the minister is rising on a point of order.

Mr. Blackmore: All right.

Mr. Pickersgill: My point of order is this. I raised a point of order with respect to the hon. member for Winnipeg North Centre (Mr. Knowles) who certainly was not any further from the subject under consideration than is the hon. member for Lethbridge, for whom I have the greatest respect. But I am sure that he would at once agree that talking about the method by which Alberta manages its oil resources really has nothing to do with the matter before the house.

Mr. Nicholson: The Minister of Fisheries asked him the question.

Mr. Blackmore: Mr. Speaker, I admit the validity of what the Minister of Citizenship and Immigration has said, but I think he would consider that I had done just a little less than my duty if I did not answer questions raised in the course of the discussion, and I have answered those questions.

Just in order to cover what the minister has broken into, may I say this: When the province would offer for sale the drilling

rights on a quarter section adjoining a quarter section on which an oil discovery had been made, there was a time when they received as much or more than $3 million for the right to drill on that quarter section. It was the profits which were made by selling the right to drill on crown reserves which gave to Alberta the great amount of revenue. The mere fact that oil was in existence in Alberta and even had been developed in Turner valley did not give the government a chance to make money from the sale of drilling rights on crown reserves. I hope that fact is perfectly clear to everybody so they will not carry away erroneous ideas about how Alberta could get money out of oil. Some of them act as though they thought $5 gold pieces were floating in the oil or something of that sort.

There is another matter to which I should like to direct attention. I go on with another subject. I hope the Minister of Citizenship and Immigration will be able to feel at ease in his mind now for a time at least.

An hon. Member: That is a lot to expect.

Mr. Blackmore: I have faith in the minister. I think he is a downright honest fellow.

I wish now to refer to one more passage in the fine speech made by the Minister of Fisheries, and I quote again from page 6313 of *Hansard*:

> A final suggestion was just lightly touched upon in the third speech made by the hon. member for Lethbridge (Mr. Blackmore) during the resolution stage. He reminded us that the Minister of Finance has the power to print money.

I certainly did that.

> Well, there may be some old line Social Crediters who think that is the solution, but I am sure that orthodox Tories like Premier Bennett, attorney general Bonner and Mr. Gunderson of British Columbia would be horrified at the thought of turning out a flood—

Heavy on the "flood".

> —of printed money here to help them, because they know it would hopelessly debase the currency they already have.

There is no Social Crediter on earth who would not be horrified at contemplating a "flood" of printed money, and no responsible Social Crediter on earth ever advocated such a thing. All that Social Crediters have advocated is that enough money be created to make up the difference between the amount of goods ready for sale on the market and the money which is in circulation.

Mr. Sinclair: Mr. Speaker, may I—

Mr. Blackmore: Just get this straight. What Social Crediters have advocated is to create enough money and put it into circulation in the right places to enable the purchasing power of the people to equal the amount of goods on sale on the market. Now, that does not mean a flood.

An hon. Member: A steady stream.

Mr. Blackmore: Of course there is a steady stream of goods, too, but it depends on the size of the stream. You could have a steady stream which would be only a trickle in a brook.

Having said that, I think I will just leave the minister for the time being. Before noon I promised that before I closed I would answer any questions any hon. member wanted to ask of me. I am just concluding my remarks with enough time to answer questions they may wish to ask in order to elucidate what I have said, or anything else that may be in their minds.

Mr. Herridge: Would the hon. member for Lethbridge permit a question? I respect his convictions in this matter. Would he say that Mr. Gunderson, who is a prominent Social Crediter in British Columbia and at the same time a director of the Canadian Bank of Commerce, would subscribe to the monetary theories he has just expounded?

Mr. Blackmore: It generally works out that the man who works most with banking is most in favour of Social Credit, because he can understand just how Social Credit could work.

Mr. J. G. Diefenbaker (Prince Albert): Today, Mr. Speaker, we have had a very enjoyable debate. I was particularly impressed with the contribution made by the hon. member for Charlotte (Mr. Stuart). He certainly lightens up any serious discussion in this house. However, I must say that he did not answer the arguments advanced by the hon. member for Saint John-Albert (Mr. Bell), and in particular those to the effect that under this bill the maritimes will find themselves in a position less than fair, less than reasonable and less than just.

I do not want to involve myself in any maritime argument, but I would say this. There is one difference between the members from the maritimes and those from the western provinces, and it is this. While we from the western provinces do disagree, sometimes on the basis of partisanship, nonetheless when the welfare of the western provinces is being discussed and in particular when our major subject, agricultural production, is being discussed, we bury our disagreements and unite for the common benefit of the western provinces. Sometimes, as I listened to my hon. friends from the maritimes upholding those things which they themselves assuredly cannot support other than vocally, I wonder

whether a similar united front analogous to that being formed today by the premiers of the maritime provinces would not have a most beneficial effect upon the economy of the maritimes, especially if that analogy were continued and extended into the House of Commons. Certainly the hon. member for Saint John-Albert has strong arguments in support of the stand he has taken. I thought it was a remarkably effective and objective presentation of the situation that this house listened to this morning when he delivered that address.

I do not want to go far afield in order to call evidence in support of the strength of the arguments he advanced and the power of the analogy he drew as to the differences between the maritimes and elsewhere, but I think I should call as evidence an editorial in the Toronto *Daily Star* of last evening, a newspaper which throughout the years has never been too prone to criticism of the government except during the present session in so far as the preservation of the parliamentary system is concerned. Yesterday the *Daily Star* dealt with this question at length, and no one supporting the government will be able to say I am quoting from a newspaper that at any time has shown antagonism to this government. The subject of the editorial is, "Why Dominion-Provincial Tax Fight is Your Business". It sets out in detail quite a lengthy analysis of what actually is the essence of this bill, and it ends up in this way:

> Is there any satisfactory alternative to double taxation in Ontario and perhaps other provinces?

It is generally following the viewpoint of Ontario in that question, but it mentions other provinces. The answer it gives is, I think, an effective argument in support of what the hon. member for Saint John-Albert said this morning, and an equally effective answer to the arguments advanced by the hon. member for Charlotte. The answer given is as follows:

> The only alternative is for Ottawa to allow the provinces a larger share of income and corporation taxes. In the *Star's* opinion this is not only desirable in the case of Ontario but is essential in the case of the maritime provinces particularly.

I once more underline and emphasize those words; an increased amount of income and corporation taxes made available to certain provinces, and in particular in the maritime provinces, is essential. It refers to the maritime provinces particularly, and generally to the other provinces.

> Unless they receive a larger share of the national wealth they will continue to be second class Canadians, economically speaking.

That editorial, and in particular its concluding paragraph, summarizes the arguments we in the opposition have been advancing in recent days. I am not going to say that the terms offered by the Minister of Finance under the present plan are not an improvement over the previous system, but I am saying that in the present bill and under the proposed plan the provinces will be short-changed by the dominion government. As an analogy, if a person receives 45 cents out of a dollar he has exchanged, and receives 55 cents on the next occasion he exchanges a dollar, while on the second occasion he is better off nonetheless that person is still short-changed.

In my opinion, in so far as these agreements are concerned, the provinces are being short-changed, having regard to the fact that this bill will be effective for five years and a tremendous change can develop—it is taking place—which places an undue load upon the provinces and in particular upon the municipalities. I wonder often why this government has not taken the provinces into its confidence. Why these short-term meetings; why these gatherings of a day or two? Why do we not have a meeting of the federal authorities, the provincial authorities and the municipalities? Call it a constitutional convention, if you like, without the power of amendment of the constitution in respect of those fundamental rights which are inherent in the constitution, but why not have a gathering designed to bring about the reconsideration of a problem which for the last 13 years or so has become increasingly complex?

When I go back to 1945 I remember the great hopes that were held; and I am in agreement with my hon. friend the minister in this regard that the matter is complex. It is one of the most difficult problems that parliament, or the government, can be called upon to deal with, because there are so many facets, so many difficulties and so many situations that demand not an arbitrary attitude but a compromising and a considered one.

Sir, go back to 1945 and look at the green book. It was a step, but as we look at it today it was also merely an event out of which nothing effective resulted. I remember so well in 1945, in the latter days of March, when the question of the green book came up, now mildewed and disused. The question was asked of the Prime Minister, do the recommendations or suggestions in the green book exist anly longer? The answer was no. The Prime Minister went on to point out that the government had been fortunate that the provinces had refused, because it had saved the federal government from embarrassment since in the interval defence costs had mounted. But,

said the Prime Minister, the government would renew the 1945 green book offer if it thought all the provinces would accept. It is simply a case of pay your money and take your choice. "We are glad, having regard to subsequent events, that the offer of 1945 was not accepted; otherwise we would have been embarrassed." It has been withdrawn, but if all the provinces would accept its terms, then there would be a restoration of the offer made therein.

I believe this. I think it is fair to say that the attitude taken by the government at the last conference was an arbitrary one. The government simply said, "These are the terms". No opportunity was given for amendment or for amelioration of any term. The recipe for a division of taxation was as final as the laws of the Medes and Persians; and how similar that attitude was to the attitude of the government in this house, which is that power makes perfect anything they do. There was no opportunity for negotiation; there was simply the attitude of a feudal lord bringing into being a modern feudalism and laying down the law to the vassals.

That is not the attitude, that is not the consideration to which the provinces are entitled under a constitution which allocates powers as between the federal and provincial governments. That is not an attitude which will remove the road blocks which today deny Canada the development which should indeed be hers. I feel that even yet if there were an attitude on the part of the federal government to negotiate, terms could be achieved which would be acceptable and which would go a long way toward solving this difficult and complex problem.

Somebody has said, "Well, they do not have to take the offer." What is the alternative? Even though the provinces realize that what is being offered is less than sufficient for their needs they are powerless to resist, believing as they must that half a loaf is better than none at all.

Whoever drafted this bill deserves high commendation for his powers of draftsmanship. The terms are difficult and intricate. This bill and the offer made by the government at the last conference constitute a political mixture. We have the carrot and the club. The government is dangling before the provinces less than is needed by the provinces, less than they can possibly and justifiably carry out their responsibilities with, and on the other hand is saying, "If you do not take it, then what?" It is the carrot and the club. That is not the attitude that brought about confederation; that is not a concept of mind which will achieve that greater measure of Canadian unity which all of us hope will be achieved.

I am going to deal with the situation from the point of view of the provinces other than Ontario and Quebec. Quebec stands to gain very materially, as it receives immediately an assured $40 million. The arguments on behalf of Ontario will be put up by Ontario. I should like to think of the other provinces, at the same time keeping before me the national viewpoint.

What is going to happen to the provinces? What of education? What of increased demands for highways and other development in the various provinces which inevitably bring benefit to the dominion government? The attitude of the dominion government toward the municipalities has been unfair and unjust. I have only to go back to a motion which was before this house on April 30 and May 1 providing for something for which the municipalities have been asking, that the dominion government should follow the lead of two provincial governments and pay taxation upon its own industries and upon its own public buildings in the various municipalities. The government went part of the way but did not go far enough.

Why should the municipal authorities be required to provide the necessary services in the way of roads and so on for federal government institutions without that government paying full taxation? Why should the municipalities be required to pay 10 per cent sales tax on their needs, apart from the exceptions in connection with fire and road machinery costing over $1,000 per unit? Why should the federal government lay burdens upon the municipal governments in that way? The hon. member for Moose Jaw-Lake Centre (Mr. Thatcher) has now joined the supporters of the government. I ask hon. members to read the speech he made in May with regard to this matter, when he pointed out how necessary it was that changes should be brought about.

We are asking for a measure of development in Saskatchewan, and we look with some degree of hopeful expectation that this may be possible now that we have one Liberal on the government side of the house who has voted in favour of the South Saskatchewan dam. Every other one has voted against it. Now that he is over there I hope one of the major contributions he makes will be to convert the unconverted in regard to this matter and to change the adamant attitude of the Prime Minister, who throughout the years has stood firmly against this necessary work for the national benefit of Canada.

What is the situation with regard to the municipalities? I am not going into details other than to say that all over Canada the municipalities are finding it almost impossible to carry on. Real property cannot carry the load any more. Some of the provinces have a sales tax, but where are the provinces to get the rest of their revenue? Are they to get it out of liquor? In Saskatchewan the profit the government makes on liquor varies from 76 per cent to 94 per cent, so they cannot go much higher. We already have a sales tax. What other source of revenue is there?

Is Saskatchewan satisfied? In an interview the other day Mr. Fines, the provincial treasurer, pointed out that province is going to get more than it got before from the federal government, a greater share of taxes, but he said they were still being shortchanged. He went on to say:

> While at first sight this appears generous, the increasing cost of government, municipal and provincial, makes this amount look very small.

He pointed out how the municipalities are asking for assistance in connection with highways, education and the like. He concluded by saying that having regard to the responsibilities which face the municipalities and the province the amount is negligible, if the provinces and the municipalities are to be able to carry out their several responsibilities.

I have before me a table showing the increases in expenditures by municipalities for education and for general services. All these are eastern municipalities, but we in the west find ourselves in the same position. The percentage of increases as between 1951 and 1954 are as follows:

	Total per cent	Schools per cent
Scarborough	62·07	42·78
North York	29·05	25·33
East York	7·14	28·88
Ottawa	11·83	44·50
Windsor	4·92	
Kitchener	49·11	77·33
Sault Ste. Marie	74·69	47·28
Barrie	28·71	15·53
Oakville	104·92	57·73
Kenora	17·49	9·43

There must be some responsibility upon the federal government in regard to this problem. This matter was dealt with at some length the other day by the hon. member for York-Humber (Miss Aitken), but I intend to go a little further today. Recognizing as we all do that education is a provincial responsibility I think the time has come, if the offer contained within this bill is the final offer, for the federal government to act in order to preserve and increase the amounts available for expenditure upon education within this country. The government says, "This is final. You take it or leave it." This is the law of the feudal lord to the vassals. The vassals must accept because of the exigencies of the financial responsibilities which exist.

In this changing world in which we live, wherein the communists place their emphasis on scientific training and technological education, there must be some responsibility placed on the federal government if Canada and the other free nations are to be able to take their place in our world today. Let us deal for just a moment with what has happened in the last five years in connection with primary and secondary education. The school population of Canada has gone up from 2·5 million to 3·5 million, and there are 97 per cent more pre-school age children today than there were in 1941. The provinces cannot discharge their responsibilities in assisting the municipalities in this regard. If you are going to leave that responsibility on the municipality and no change is made in the content of this bill, the result will be that in the very near future you will have a strong dominion government with bankrupt municipalities. If the government will not listen to this argument which I am advancing, will they listen to the hon. member for Moose Jaw-Lake Centre if he whispers that to them today? That view has been expressed by the hon. member over and over again.

What about the universities? What about the salaries paid in the universities? The Secretary of State for External Affairs (Mr. Pearson) is the chancellor of one of our great universities and no doubt has had experience with the magnetic pull by industry, government and business in so far as his teaching staff is concerned. Other universities have felt this. Dr. Smith of the University of Toronto has pointed out the great difficulty there is in this regard.

What assistance has been given to university education? There have been a few scholarships, a few research scholarships. The extent of assistance to the universities has been insufficient to meet the completely changing conditions that prevail today. You will not achieve the success with your five-year plan that Stalin had in mind when he instituted his five-year plan. You will have bankruptcy at the end for the municipalities of this country unless some assistance is forthcoming.

What about university salaries? President Sidney Smith has stated that the University of Toronto is losing personnel to government, industry and research because the salaries are two or three times what the university can afford to pay. Do you realize that the average Canadian worker has increased his wages two-thirds over the past generation,

but the salary of the average teacher and research worker has remained unchanged?

Those are not my views. Those are the views of the Canadian association of university teachers. Thousands of the mentally gifted youth are barred from higher education by financial limitations. Are we going to restrict our universities by the financial assistance extended to the provinces today, or are we going to realize now that the U.S.S.R. has departed from its old policy of being a stolid introvert and has become a smiling extrovert that goes all over the world expanding its technological and educational system? Are we in the free world going to fall behind? Are we going to deny admission to the universities to all except those who are well to do? That is what is going to happen.

The United States sends to university seven times as many, in proportion to population, as we do. The U.S.S.R. sends far more than we do to that type of education, which is necessary in the world today as we enter this new atomic era. There is no way whereby the vast demand for engineers, scientists and mathematicians can be met other than by this dominion government extending itself as it has not done before and providing grants in aid, while maintaining the constitutional position whereby the provinces are in charge of education.

Sir, all you have to do is look at the record, the roster of engineers and scientists in the U.S.S.R. Do you say that they lag behind us and we do not need to increase our efforts? Within the past few days on July 19, John E. Bird, Canadian Press staff writer, referred to an interview he had with Dr. Lloyd G. Elliott, director of the physics division of Atomic Energy of Canada Limited, following the latter's return from a conference in the Russian capital May 14 to 22. This is what Dr. Elliott said:

> We in Canada knew very little about what Russia was doing in the field before the conference. We came away realizing that Soviet scientists are making real progress. . . . They are very serious and their plans are very extensive for placing large numbers of highly technical people in basic research.

We go on in the same old way, with 290 or so scholarships. What does the U.S.S.R. do? Here is the latest record. The United States has 108,700 engineers; the seven countries in western Europe making up NATO have 111,000; the Soviet union has 540,000. All over the world today they are loaning these technical advisers who, through the knowledge they possess, infiltrate in those countries and thereby secure an exchange, on the part of the freedom-loving people of those countries, of their freedom for all time in return for basic technical knowledge. The United States has 4,200 agricultural scientists; the seven countries in western Europe have 21,245; the Soviet union has 190,000. The United States has 6,100 mathematicians; the Soviet union has 160,000.

Make all due allowances, Mr. Speaker, for the impelling virtue that freedom gives to men and women, whether it is in the ordinary field of life or in science. The universities face a serious crisis and this bill in no way meets the situation. It simply places upon the provinces the handcuffs of five years of inaction in this direction, for they have gone as far as they can. I say to you, sir, and to the Prime Minister through you, that this is a field that must be entered by the dominion government as part of our national defence, failing which we shall lose the next five years under this five-year plan. We shall unless something else is done. We must act now if we are to maintain and preserve our position as a freedom-loving nation in the world. We must also accelerate our contribution to scientific technology and mathematical knowledge and technique everywhere in the world.

How far they have gone in the U.S.S.R. is shown by one other statistic. It was brought to Canada by Mr. James S. Duncan of the Massey-Harris company, when he said that so intent has the U.S.S.R. become on increasing the sum total of scientific knowledge that of the 40,000 workers in the Stalin works in Moscow, 10,000 in their after hours are taking courses which in five or six years will graduate them as engineers.

I do not want anyone to say that I want Canada to borrow the means of communism in order to defeat communism. However, I believe that if we in this country on the national level will give to the various universities not the paltry sums advanced today but sums in keeping with the responsibilities that rest upon those universities in this new world we shall not only ensure Canada's contribution to the maintenance of freedom, but we shall also make possible a university education for many tens of thousands of young people in our country who otherwise would be denied the opportunity of a university education which their ability and capacity would merit and which only their inability to finance would deny.

That is one phase of the picture; another phase is in connection with national development. I am not going to go extensively into that—it has been covered over and over again during the progress of this debate—but I wish to point out two matters of national import which we in Saskatchewan believe are deserving of, and indeed demand, dominion support. One of them, which was

dealt with by several hon. members, is the need to realize that whilst highways are under the constitution a matter of provincial administration, to a greater degree than heretofore there must be grants in aid; for the present bill, if implemented, will make it impossible for provinces to expand their necessary highway development.

We have recognized the principle in connection with the trans-Canada highway, although the rate at which the trans-Canada highway is being built shows a pedestrian drive behind that worthy objective. Through the municipalities my own province of Saskatchewan, as well as other provinces, is asking that there be a realization that while at the time of confederation east and west roads were of first importance, today in the national interest there must be highways for defence in the various provinces. To that end federal assistance must be given. The provinces will never discharge their responsibility in this regard if hemmed in, as they will be, by the ambit of the terms of the present bill.

The demand for highways of that kind has some foundation in history. In 1912 both Sir Wilfrid Laurier and Sir Robert Borden supported federal aid to highways necessary for development. In 1920 the government of Right Hon. Arthur Meighen brought into effect a system of assistance which, as I recall it, involved the spending of some $20 million. There must be some assistance in this regard. Who gets the benefit of the highway into the north? As soon as the highway is built and minerals are found, mines are opened and smelters are constructed, the dominion government immediately takes its cut. It takes it before in the sales tax. It achieves dividends immediately.

These highways are necessary for development. Indeed, I believe that a roads to resources program of assistance by the federal government would meet with general approval across the country, roads to resources, the opening up of the country, and those roads available later as defence highways if and when needed. I know that such a program would meet with approval in the western provinces. The United States has launched one of the greatest highway programs in all history. It is one that requires co-operation on the part of the states of the United States. In it the federal authority, with the administration resting upon the states, has launched one of the greatest moves in all history to assure that development which highways permit and, indeed, encourage.

Those are but two fields: education, highways and encouragement of national development, which will not be encouraged to the degree that they should be if the provinces are manacled by the bill now before the house. I said a moment ago that it is better than what has been given previously but it still constitutes a failure to realize that under our constitution the provinces were never intended to be beggars. The provinces have responsibilities, the provinces have fields of action, and the concentration of power and authority in the federal government with respect to taxation has had an adverse effect.

The bill will go some way toward removing those adverse effects, but unless the amounts to be paid to the several provinces are materially enhanced by grants in aid of education and by a system whereby the municipalities may be assured of a reasonable opportunity to discharge their responsibilities, then indeed, looking ahead five years, the provinces having to accept the terms of the bill will mean that the bill will have an adverse effect on the municipalities and their responsibilities and will adversely interfere with Canada's international responsibilities in the field of technical education to a degree that can never be gained back.

Hon. J. W. Pickersgill (Minister of Citizenship and Immigration): Mr. Speaker, this, I believe, is the first occasion on which I have ever spoken in the house on any matter which was not directly related to my own ministerial responsibilities. It is in a sense a maiden speech, and I crave your indulgence accordingly. It is a very hard thing to be asked to follow so eloquent and persuasive a speaker as the hon. member for Prince Albert (Mr. Diefenbaker). I have no eloquence. I can only try to deal with facts, and I intend to do two things that have been conspicuously absent during most of this debate. I intend to deal as far as possible with facts, and I intend to deal with the bill.

The hon. member for Prince Albert talked about the arbitrary attitude of the government, and several members of the opposition have said the same thing. I think perhaps it might be worth while to take just a minute to consider what really has happened with respect to these proposals. Nothing would have been simpler than for the government to go on as we did in 1952 and recommend that we continue the tax rental agreements, perhaps with some slight change in the formula, and continue the situation which had persisted since 1945, a situation which I submit was not good for this country and which could not much longer continue, whereby the benefits of this legislation were going to two-thirds of the country and not to the other third. That is no way, if we can find a remedy, to allow things to continue.

What did the Prime Minister do? He said that we were going to stick to our one objective that was paramount above all others, and that was to put the provinces on a basis of relative equality, but that we were not at all wedded to the means of tax rental agreements if something better could be found. It was suggested to the provincial governments that if any of them could suggest something better we would be only too happy to consider it. Four conferences were held to discuss various phases of this question, three before an offer was made and one after the offer was made. That was the conference in April which several hon. gentlemen opposite have sought, perhaps unwittingly, to give the impression was the only conference held. It was not.

The views of all the provincial governments were very carefully considered in one stage or another for over a year before these proposals were finally made. If there is going to be legislation there does have to be a point where something becomes final. You cannot bring in a bill that has nothing in it. You have to take a position; and the moment you do take that position it is, of course, very easy for someone else to call it arbitrary. But that does not make it arbitrary at all. The question is this. Does it accomplish what it sets out to accomplish? As I apprehend it, the purpose of this bill is to do two things, and two things only. It is to bring the income of the rest of the provinces up to the level of the combined income of Ontario and British Columbia in three tax fields, or rather the average of the combined revenues of those provinces. That is the prime purpose of the bill. What the government has said is that we feel that all the provinces are entitled to derive in one way or another as much revenue as they would get if they had a taxable capacity comparable to the taxable capacity of the two wealthiest provinces combined. With a scheme like that, it is not intended to raise money for provincial purposes generally. It is only intended to bring the less fortunate provinces up to the level of the more fortunate provinces. This bill does not purport to do anything else and it has nothing to do with anything else, except one thing, and that one thing is an extremely important thing too.

During the war we had the experience of having the wartime tax agreements and I think most Canadians came to the conclusion that it was much more convenient to have only one income tax and only one income tax collector. We are proposing to make that possible if the provincial governments want that; they do not have to take it at all; there is no "take it or leave it" business about it at all; the provincial governments can do exactly as they please about having a single income tax. That is true of every province, and no province loses its equalization payment by doing so. If they want to impose a standard tax, we are prepared to collect it for them. If they want to make a tax rental agreement and accept the yield of the standard tax, we are offering them that. If they prefer to have nothing to do with us and to collect their own taxes at any rate they like, they are still entitled to the equalization payments. It is very hard for me to conceive—and it was evidently quite impossible for any of the provincial governments to conceive—any further modification of this scheme that could have been put into effect; and indeed none of them suggested any. It seems to me that there is a great deal of validity in what Mr. Mackenzie King said in 1935 in that quotation which the hon. member for Eglinton cited yesterday. I do not think there would be any argument at all; not the slightest argument; that not one five-cent piece—and I use the term advisedly—should be collected by the federal treasury in order to be handed over to any provincial government if all the provinces had an equal taxable capacity.

Mr. Rowe: That is not what he said at all.

Mr. Pickersgill: I did not say it was what he said at all. The hon. gentleman misunderstood what I was trying to say.

Mr. Rowe: I did not misunderstand what he said, though.

Mr. Pickersgill: What I was trying to say was this. I think it is far better for the government which is spending the money to collect it. If we had a situation in those provinces where the taxable capacity—and in Newfoundland it happens at the present time to be the lowest of any of the provinces—was near the taxable capacity of Ontario and all the others were uniform, I would say we should have no bill of this kind at all; that the provinces should collect their own taxes and spend them; that we should collect ours and spend ours; and that we should not turn anything over to the provinces. But we do know this, and none know it better than do those who represent the Atlantic provinces. We know that is not the situation in which we live. But there is no excuse whatsoever, in so far as equalization is concerned, for the Minister of Finance (Mr. Harris) to raise any money to be spent for provincial purposes in Ontario except one, and that is an extremely important one, namely that it is convenient to the taxpayers of Ontario to be obliged to pay only one income tax instead of two taxes. That is all that we should properly do. As far as the wealthiest provinces are concerned, they themselves should

raise for provincial purposes what they need. If we want to change the constitution and transfer those powers, that is another matter. But it is not the business of this parliament to raise revenues for these provincial purposes, except for the one purpose of establishing equalization across the country. That is what the fundamental purpose of this legis'ation is.

There is only one other point I want to deal with, and it was also raised by the hon. member for Prince Albert (Mr. Diefenbaker) and in a somewhat different fashion by the hon. member for Saint John-Albert (Mr. Bell). I took down as completely as I could the words used by the hon. member for Prince Albert. He said that under this bill the maritimes—and by that I assumed he meant the Atlantic provinces—will find themselves in a position less than fair, less than reasonable and less than just. He then suggested that in some way those of us who represent the Atlantic provinces are less good at "ganging up" on the federal treasury than are the gentlemen who represent the western provinces. I do not know whether or not that is true, but I know this. We from the Atlantic provinces do not fill as many pages of *Hansard* as do members from some of the western provinces. But I do not think that is necessarily a proof that we do not represent our constituencies just as well. In support of his contention the hon. member for Prince Albert quoted an editorial in yesterday's Toronto *Star*. He quoted particularly the last paragraph, which reads as follows:

> The only alternative—
>
> I am not going to say to what.
>
> —is for Ottawa to allow the provinces a larger share of income and corporation taxes. In the *Star's* opinion this is not only desirable in the case of Ontario but is essential in the case of the maritime provinces particularly. Unless they receive a larger share of the national wealth they will continue to be second-class Canadians, economically speaking.

I am not saying anything about that reference to second-class Canadians. As far as I am concerned, the larger the share of the national wealth we can get for the Atlantic provinces, the better pleased I shall be; and I will do everything I can that I think is effective and that I think is fair to get a larger share of that wealth for the Atlantic provinces. But certainly the recipe suggested by the hon. member for Prince Albert is not going to do it.

The whole purpose of this bill and of this scheme is to achieve equalization. The larger the share of the field that is given to the provinces to tax, the better it is for Ontario but the worse it is for the poorer provinces. I think the hon. member for Prince Albert who represents a constituency from Saskatchewan had better think this matter out again before he endorses the Toronto *Star* merely because it happens to be a Liberal newspaper and once in a while disagrees with this government.

Mr. Rowe: He is not endorsing the *Star* but the *Star* is not endorsing you.

Mr. Pickersgill: No; the *Star* is not endorsing us. The *Star* is endorsing the premier of Ontario; and that brings me to the real point—if there is any point—to what I have to say here today.

Mr. Rowe: You are extremely modest this time.

Mr. Pickersgill: The real point is this. It was said by the hon. member for Eglinton yesterday, with his usual grace and refinement when I attempted to correct him; he was his usual polite self and showed the respect he usually shows for other members, for the chair and for the institution of parliament generally. As I say, when the hon. member for Eglinton made a statement yesterday I attempted to correct him and I finally succeeded, by being pertinacious, and by objecting not at all to what he thought was abuse which did not bother me a particle;—

Mr. Nowlan: And by being out of order.

Mr. Pickersgill: —I managed to get inserted into *Hansard* what I want to insert at greater length today, namely that there was one provincial premier who accepted and endorsed this scheme at the meeting in April; and he did it for reasons which are extremely important to all the Atlantic provinces and which I should like to put on the record. The Minister of Finance points out that it was in March, not April; it was on March 9. This is what Mr. Smallwood says, and I make no apology whatever for quoting it and saying I endorse everything in it.

Mr. Nowlan: Whose is the voice of Jacob, and whose the hand of Esau in this case?

Mr. Pickersgill: I do not believe anyone who has heard the premier of Newfoundland speak will feel he needs to have words put in his mouth by anyone else. As a matter of fact I could bore the house with some anecdotes about having to follow the premier of Newfoundland three years ago when I had even less experience in public speaking than I have now. I did not like the competition; I am not equal to it. Here is what Mr. Smallwood said:

> The government of Newfoundland is just as anxious as any other provincial government to secure the maximum revenues that we can get out of federal-provincial arrangements for sharing income and corporation taxes.

I am sure every other provincial premier would say the same thing. Until the chips are down—that is a phrase people use who gamble and I do not know what it means but perhaps the hon. member for Winnipeg North Centre (Mr. Knowles) could enlighten me.

Mr. Knowles: I was just saying that it was very apt in this case.

Mr. Pickersgill: Until the chips are down you could not expect any of the provincial premiers to say he was satisfied with the amount he was going to get. Mr. Smallwood continued:

No other province needs them more for provincial purposes.

I echo that, and I believe we need them in Newfoundland even more than New Brunswick does.

We entered confederation in 1949 on the understanding that we could share on a fair basis the proceeds of income and corporation taxes and succession duties collected all over Canada.

The only way we can share these proceeds on anything like the same basis as Canadians in the wealthier provinces is by sharing them through the federal treasury.

And that is true of every one of the provinces, except possibly British Columbia and Ontario.

The income and corporation tax fields in Newfoundland, no matter how assiduously we cultivate them, cannot be made to yield the kind of revenues that are secured by the wealthy provinces like Ontario and Quebec.

And yet the 400,000 additional consumers in Newfoundland, who buy nearly everything they consume from the mainland of Canada,—

I might add, mostly from Ontario.

—are contributing every day to the incomes from which income and corporation taxes can be collected in the other provinces, particularly Ontario and Quebec.

It is, therefore, in our provincial interest in Newfoundland and it is in the provincial interest of all the provinces where the tax potential is low, to safeguard the federal share of these tax fields, so that the federal government will be in a position to share them with us. That is the only way all Canadians can finance something approaching provincial services that Ontario can provide out of taxes collected within the province.

The premier of Ontario, at these conferences, has said a good deal about the immense demands for provincial services resulting from the vast industrial expansion of Ontario. Of course, these demands are very large, but the capacity to pay for them grows even faster. I can assure the premier of Ontario that all of us in the Atlantic provinces—

I am sure the hon. member for Saint John-Albert (Mr. Bell) will agree with this.

—would be glad to take on these new provincial liabilities along with the even greater new assets that come with them.

The premier of Ontario and the provincial treasurer have, at these conferences and elsewhere, hinted that Ontario is approaching the end of its fiscal resources. I am sure they don't really expect the premiers of some of the other provinces to be greatly impressed by their parade of poverty.

The provincial services in Newfoundland, measured in terms of roads or schools or health facilities, or by almost any other standard, do not compare at all with those in Ontario, and it will take many millions of dollars, as our brief to the Gordon commission showed, to bring them up to anything like a comparable basis.

And yet to pay for what we now have, we in Newfoundland have to impose a gasoline tax of 17 cents, compared with a tax of 11 cents in Ontario. We also have a 3 per cent social security tax on retail sales in the province—and that's on all foodstuffs, too.

I asked our officials to calculate how much more revenue Ontario would be able to collect if the people of Ontario had to pay, for provincal services, taxes which Canadians in the province of Newfoundland have to pay for services which are not nearly as good. I am told that, if Ontario raised its gasoline tax to the rate we have in Newfoundland, it could have collected in 1955 at least an additional 50 million dollars, and that a 3 per cent tax on retail sales in Ontario would have produced at least 150 million dollars in 1955.

That, I might say, is about five times the total budget of Newfoundland.

The fact is that, even with the proposed equalization payments, almost every province in Canada is going to have to continue imposing upon its people much heavier provincial taxation than is borne by the people of Ontario.

As I understand it, under the new tax sharing proposals, Ontario, with standard rates of taxes, will derive substantially more revenue than it would under a continuation of the present tax rental agreements. In other words, the new arrangement will give Ontario a proportionately higher gain than any other province will have.

If the equalization payments were based on the average of the four highest provinces instead of the basis proposed by the federal government,—

That was what Mr. Frost suggested should be done.

—the effect, as I understand it, would be that tax rates would have to be set which would give Ontario a still larger share of the yield from these taxes in order to give the other six provinces payments equal to those proposed in the present federal scheme.

In other words, averaging the top four provinces instead of the top two would give far greater advantages to the wealthy provinces than it would to those with smaller tax potentials.

It is impossible for us from Newfoundland to see how this could possibly be in the national interest, and we cannot help but feel that, by reducing drastically the share the federal treasury would get out of these national tax fields, we would be weakening its capacity to help provide reasonably equal provincial services right across Canada.

And that, sir, is what we understood we would get when we entered confederation in 1949.

And that is what this bill is seeking to continue on a much better basis than we have had it before. That is why I, sir, am only too happy to be supporting it.

I say, therefore, that from the point of view of Newfoundland, and I believe in the interests of at least all the people in the six provinces which the premier of Ontario would not include in his

averaging, his suggestion is much less satisfactory than the suggestion put forward by the federal government.

I feel, to, sir, that we should not forget that the federal government is providing millions for costly services, not merely in Newfoundland and Nova Scotia, but also in Ontario and British Columbia.

That is why we have come to the conclusion—

I wish the hon. member for Eglinton (Mr. Fleming) were in the house to hear this.

—that, pending the readjustments which we hope may be made as a result of the work of the royal commission on the revision of the terms of union we are prepared to support the basis of the present proposals of the federal government.

Now, sir, since the premier of Ontario began to change his tune—at first, he said that this plan was some improvement on anything that had been suggested before, and I do not think he has ever taken that back—he has been asking for more money for Ontario because of their new poverty—

Mr. Lennard: On a question of privilege, the hon. member for Eglinton is not here because at the moment he is in the banking and commerce committee, and I want that understood.

Mr. Sinclair: So what?

Mr. Weir: So what?

Mr. Pickersgill: I have no objection if the hon. member is in the banking and commerce committee; I am not hurt.

Mr. Diefenbaker: You are lucky, that is all.

Mr. Rowe: You are happy.

Mr. Sinclair: There is a little more decorum and a little more dignity in debate when he is not here.

Mr. Harkness: You are lucky he is not here.

Mr. Pickersgill: Is there anything wrong in mentioning that it is a fact? I said I was going to deal with the facts. I cannot rise to the eloquence of the hon. member for Prince Albert.

Mr. Fulton: Is there anything wrong with putting all the facts on the record?

Mr. Pickersgill: No, but I have time for just a few. I will have lots more for the hon. member for Kamloops in another debate.

Since there was some hope of stirring up a little politics about this question, the Ottawa *Journal* said on July 17:

The idea that Mr. St. Laurent has solved dominion-provincial difficulties, an idea seemingly accepted by some, has no basis in fact whatsoever; all Mr. St. Laurent has done is to come up with a formula or prescription that has created a new crop of headaches, left the provinces more dissatisfied and frustrated than ever.

Mr. Rowe: Hear, hear.

Mr. Pickersgill: Yes. That is what the Ottawa *Journal* said on July 17; but what did the Ottawa *Journal* say on January 13 when these proposals were brought before parliament before they saw any possibility of making any party politics out of them? An editorial from the same paper on January 13, 1956, had this to say:

Whatever happens, Mr. St. Laurent must be commended for having made a patient and sincere effort to find some just and workable formula, one which recognizes that Canada is a federal state in fact and should be one in spirit. If it is not the last and best word it is at least an honest attempt to solve a vexatious problem.

I must say, sir, that I prefer the Ottawa *Journal* sober to the Ottawa *Journal* drunk.

(Translation):

Mr. Raoul Poulin (Beauce): Mr. Speaker, I do not propose to take up too much of the hon. members' time, but I want to express my personal opinion on the bill before us.

It was the aim of the confederation to unite the provinces, but without unifying them. It seems, moreover, that the fathers of confederation did not so much seek to unite the provinces themselves. Beyond the provincial borders of the day and those that would be established thereafter, they could see the two great races that formed Canada's population at that time and which make it up now, to a considerable extent. They wanted to bring together, not so much the political frameworks as the two ethnical components within those frameworks, to enable them to strive together more efficiently towards a common goal, while satisfying themselves that each of the two would conserve its own identity and would pursue its development according to its own racial characteristics.

In support of this contention I would like to quote an important statement which can be found in the brief presented by the University of Montreal to the Tremblay commission, in February 1952.

There are some who take no pleasure in hearing it said that confederation was a compact between two races . . . Any objective and unbiased examination of the Canadian constitution immediately points to the peculiar status granted to Quebec. Section 133 could hardly be clearer. Provisions relating to language and to the right to the use of it . . . show that the act was really a compact between two racial groups differing in language, religion and traditions, which both were bent on preserving.

Here is, moreover, a statement made at the time of confederation by an expert who, speaking from a neutral point of view, was no doubt in a position to express an objective and unbiased view. This view was

expressed by Lord Carnarvon and may be found in the proceedings of the imperial parliament for 1867, page 568:

> Lower Canada is deeply attached to its particular institutions and it will join the union only on the clear understanding that it will keep them . . . It is in that spirit and at those conditions that Lower Canada now agrees to enter confederation.

Well, what are those particular institutions, if not our language, our faith, our traditions, our way of thinking, our way of life, of looking after our educational and health needs, and so on?

There is no doubt that the fathers of confederation took a right view of things, even though the means they put at our disposal to achieve their objective were not perfect and have thus, in time, given rise to the difficult situations that are facing us today.

However, because the Canadian nation has developed and progressed to a point that could no doubt be envisioned 90 years ago, and because of a similar change in the economic and social conditions under which this progress is to continue, it might be time to revise this agreement of 1867. It would be advisable to amend it, to clarify it and to adapt it to the new conditions, to draw from it certain practical conclusions which are potentially to be drawn from it and to interpret some of its clauses. Of course, this should be done at a round table discussion to which all interested parties would be invited, namely, the ten provinces and the central government. In other words, it would be the revival and the continuation of the federal-provincial conference held in Quebec in the fall of 1950. That conference, opened and adjourned under the most favourable auspices, had given rise to the fondest hopes. It was to have been resumed and, without blaming anyone in particular, I am very sorry that it was not and that we missed this splendid opportunity to streamline a constitution which no longer answers the needs of the institutions it governs. A further conference could have reassigned to each interested party its own field of taxation, and could have done this more adequately than by the bill now under review.

This task is an essential one, one which will have to be undertaken some time, to bring order and good understanding into intergovernmental relations in Canada. It is in that spirit, no doubt, that the Quebec chamber of commerce, in its submission to the royal inquiry commission in January 1954, made this statement:

> In order to amend the British North America Act and to provide Canada with a new constitution, the proceedings of the federal-provincial conference held in Quebec in September 1950 should be resumed as soon as possible.

Such a conference could also settle the equalization problem for which a one-sided solution is offered in Bill 442. I say it is a one-sided solution because there is no evidence that the provinces, which are at least as much interested in this as the central government, were in a position to have their views accepted, even if they were consulted. I do not object on principle to the richer provinces helping the poorer provinces, but I doubt that the way which is contemplated is the best.

Why, for instance, would the central government not encourage each province to levy its own tax on individual and corporation income, by granting not a uniform and partial deduction of 10 per cent of the federal tax, but rather a deduction equal to the full amount collected by the province? Each province would establish its own tax according to a schedule which would best meet the needs and wishes of its people. Such amount being fully deducted from the federal tax, the taxpayers would, in the end, pay the same amount of tax, whatever the variations may be between two provinces. In that way, for instance, the autonomy of Quebec would be preserved. The government of that province has found it advisable to set at a higher level than that of the central government the basic income above which taxes begin to be levied, thus protecting in a more equitable and social way, I think, the family group.

It is obvious, I think, that in such a way the spirit and the word of the constitution would be complied with as far, at least, as paragraph 2 of section 92 is concerned.

I foresee serious objections to the suggestion I am making but, nonetheless, I hold that a conference such as the one held in 1950 would be capable of dealing with those objections, by setting, for instance, a maximum which the provinces could not exceed for a certain period of time.

The constitution irrevocably assigned to the provinces certain fields in which they have the exclusive right to legislate, and that right implies the right to administer. Now then, administration requires the levying of taxes.

Among the fields assigned to the provinces, there are those, among several others, of education and health. Those are, of course,

sacred fields to which the problems of money must be adapted, and not vice versa.

At present, the central government is offering provinces a joint health plan.

In all earnestness, I believe that the province of Quebec should not be put in a position where it should have to accept such a plan. Legislation of this type should be enacted by its own legislature. However, to achieve this object, the bill now under discussion should go even farther than it does, and should allow full deductibility with regard to the amount of the provincial tax, instead of allowing only 10 per cent of the federal tax.

In the field of education, the same situation prevails. In spite of considerable improvement over the last few years, there is still a great deal to be done. We need more revenue. We intend to preserve control of these sources of revenue and be free to use them in the way best suited to the mentality, habits and customs of our people.

We fear that some day the intrusion of the central power in this field may bring about a situation dangerous to our racial group.

I wish to repeat here what I have already said many times before this outside the house. I am not worried about the intrusion or the activities of the present government, headed as it is now by the present Prime Minister (Mr. St. Laurent). I am not worried either by the possible influence of a government which would be headed by the present Leader of the Opposition (Mr. Drew). But who knows what the future holds in store?

What will be the intentions of the men governing the Canadian nation 25 or 50 years from now?

I therefore believe that it is essential today to prepare for the future and to protect it against possible dangers in this field. That is why we should strive to protect and guarantee provincial autonomy.

It seems to me that this measure, imperfect though it is, is a step in the right direction. I feel bound to support it and, in so doing, I believe I interpret the opinion of the truly nationalist independents of the province of Quebec.

(Text):

Mr. Hamilton (York West): Mr. Speaker—

Mr. Harris: Mr. Speaker, on a point of order: I had understood that certain arrangements had been made, if not formally at least understood, perhaps to the detriment of the hon. member for Mackenzie (Mr. Nicholson), who had risen earlier. I know hon. members would like to continue the debate, either here or in committee, but it had been suggested that we might reach the committee stage before five o'clock and then certain hon. members who had indicated a willingness to speak might do so in committee. If that is the choice of hon. members it would be desirable that we have second reading now; if that is not the choice, then of course we would have to proceed.

Mr. Nicholson: I was on my feet before the other hon. member started but I am quite prepared to wait until we go into committee to make my remarks. However, if the debate is going on I shall want my turn later on.

Mr. Hamilton (York West): I thought the debate was continuing when I saw the hon. member for Mackenzie (Mr. Nicholson) rise, although I was aware that an arrangement had been made. I am quite satisfied to wait.

The house divided on the motion (Mr. Harris) which was agreed to on the following division:

YEAS

Messrs:

Anderson
Balcom
Barnett
Batten
Benidickson
Blanchette
Boisvert
Bonnier
Boucher
Bourget
Bourque
Brown (Brantford)
Brown (Essex West)
Bruneau
Bryce
Bryson
Buchanan
Cameron (High Park)
Cameron (Nanaimo)
Campbell
Campney
Cannon
Caron
Carter
Cauchon
Cavers
Cloutier
Coldwell
Decore
Denis
Deslieres
Dumas
Dupuis
Eyre
Fairey
Follwell
Forgie
Fraser (St. John's East)
Garland
Garson
Gauthier (Portneuf)
Gillis
Girard
Goode
Gour (Russell)
Gourd (Chapleau)
Habel
Hanna
Harris
Harrison
Hellyer
Henderson
Herridge
Hollingworth
Hosking
Houck
Hunter
James
Johnson (Kindersley)
Jones
Kirk (Antigonish-Guysborough)
Knight
Knowles
Laflamme
Lafontaine
Langlois (Berthier-Maskinonge-Delanaudiere)
Langlois (Gaspe)
Lavigne
Leduc (Gatineau)
Leduc (Jacques Cartier-Lasalle)
Leduc (Verdun)
Lefrançois
Lesage
Lusby
MacNaught
Macnaughton
McCann
McCubbin
McCulloch (Pictou)
McCullough (Moose Mountain)
McWilliam
Maltais
Mang
Marler
Martin

Masse
Matheson
Menard
Meunier
Michaud
Mitchell (Sudbury)
Monette
Murphy (Westmorland)
Nicholson
Pearson
Philpott
Pickersgill
Pinard
Pommer
Poulin
Prudham
Purdy
Ratelle
Regier
Richard (Ottawa East)
Richard (St. Maurice-Lafleche)
Richardson
Roberge
Robertson
Robichaud
Robinson (Simcoe East)
Ross
Rouleau
St. Laurent (Quebec East)
St. Laurent (Temiscouata)
Schneider
Shipley, Mrs.
Sinclair
Stuart (Charlotte)
Studer
Thatcher
Thibault
Viau
Villeneuve
Weaver
Weir
Winch
Zaplitny—128.

NAYS

Messrs:

Aitken, Miss
Balcer
Blackmore
Blair
Charlton
Churchill
Diefenbaker
Dinsdale
Fairclough, Mrs.
Fleming
Fulton
Green
Hahn
Hamilton (Notre Dame de Grace)
Hamilton (York West)
Harkness
Hees
Hodgson
Holowach
Howe (Wellington-Huron)
Johnston (Bow River)
Leboe
Lennard
MacLean
McBain
McLeod
Michener
Mitchell (London)
Monteith
Montgomery
Nowlan
Patterson
Pearkes
Rea
Robinson (Bruce)
Rowe
Small
Smith (Battle River-Camrose)
Stanton
Starr
Thomas
Tustin
White (Hastings-Frontenac)
White (Middlesex East)
Yuill—45.

Mr. Speaker: I declare the motion carried.

Mr. Wylie: Mr. Speaker, I was paired with the hon. member for Algoma West (Mr. Nixon). Had I voted I would have voted against second reading.

Mr. Speaker: Is it agreed that I do now leave the chair for the house to resolve itself into committee of the whole?

Mr. Fleming: Before you leave the chair, Mr. Speaker, is there not a matter to be referred to the house from the banking and commerce committee? The committee adjourned about 20 minutes ago on an appeal from the chairman's ruling, and our understanding was that it would come before the house now.

Mr. Speaker: I am not a member of the banking and commerce committee. If anything has happened there, it will have to reach the house through a report.

[Mr. Hamilton (York West).]

Mr. Harris: On that point I think the hon. member for Eglinton is quite right, but I would suggest to you, sir, and to the house that we continue with the proceedings on this particular bill. Then at five o'clock you will go into the chair for private bills hour and the matter that has arisen in the banking and commerce committee can be disposed of.

Mr. Fleming: On the point of order, Mr. Speaker, this was a government bill, not a private bill, and I wonder why the matter should not be dealt with now while you are still in the chair rather than wait until five o'clock for the hour reserved for private bills. All that is required is for the chairman of the committee to make his report now and have it disposed of because once the house has disposed of the appeal there still is the question of resumption of the committee sittings, and time is precious.

Mr. Knowles: How can there be a point of order when there is nothing before the house?

Mr. Speaker: That is exactly what I was trying to say a moment ago. I have no report and until I have one I cannot act on something that does not exist.

Mr. Sinclair: Study the rule book.

The house went into committee, Mr. Robinson (Simcoe East) in the chair.

On clause 1—*Short title.*

The Chairman: Shall this clause carry?

Some hon. Members: Carried.

The Chairman: Clause 2.

Some hon. Members: Carried.

Mr. Dinsdale: Mr. Chairman,—

The Chairman: On clause 2?

Mr. Dinsdale: On clause 1, Mr. Chairman.

An hon. Member: It was carried.

Mr. Diefenbaker: Carried by whom?

An hon. Member: It was not carried.

Mr. Diefenbaker: We had an agreement that there was to be latitude on the clause.

Mr. Dinsdale: Mr. Chairman, like my fellow Manitoban, the Minister of Citizenship and Immigration, I have been somewhat reluctant to inject myself into this debate. It seems that all Manitobans have that certain deference or reticence—

Some hon. Members: Carried.

The Chairman: Order.

Mr. Dinsdale: If the hon. gentlemen opposite want to make a speech, I wish they would wait until I get through.

Mr. Habel: We are listening. Go ahead.

Mr. Boisvert: If you have nothing to say, sit down.

Mr. Dinsdale: The Minister of Citizenship and Immigration describes his remarks as a maiden speech. But I would suggest that, if his was a maiden effort, he is a pretty tough old maid because I noticed some interesting Machiavellian twists in some of the observations he made—

Mr. Diefenbaker: "Newfoundlian" twists.

Mr. Dinsdale: —with regard to this extremely important bill we have before us. The reason I hesitated, Mr. Chairman, when there was so much noise coming from across the way, was that I feel that it is unfortunate that we are forced to discuss what I consider to be the most important subject in Canadian public affairs today under the kind of pressure that has been coming from the government benches just a few moments ago. It is unfortunate too—as I said in my opening statement—that we have to have that feeling of reluctance to make some small contribution to the consideration of this important topic. After all, we are here on the nation's business. We are not the only house that is still sitting or the only parliamentary body that is still sitting in various parts of the democratic world. I think the United States congress is still in session. Certainly, the parliament of the United Kingdom is still in session. If there is still that reluctance with regard to complete discussion of this important matter, the blame of course arises from the fact that we have delayed consideration of such an important subject to the dog days of the present session.

I am not going to make a maiden speech on this subject. I think the points that could be made concerning the technical details have been well made by the speakers who have already made their contribution at the various stages of the debate proceedings, particularly the Leader of the Opposition who, in my opinion, at the resolution stage of the bill made an excellent survey of the subject at hand. Also I thought the Minister of Finance in a succinct way helped to throw some light on the subject. I mention him particularly because I feel that he justifies a stand that we of the opposition have been making down through the years when the subject of dominion-provincial tax agreements has been before the house at earlier times in 1947 and 1952.

Mr. Harris: Why did you vote against it a few moments ago?

Mr. Dinsdale: I am coming to that in just a moment, Mr. Chairman. The opposition have always taken the stand on earlier occasions that there was a fundamental flaw in this method of handling an extremely complex and difficult subject. In reference to the earlier tax rental agreements, we have always maintained that they were of a temporary nature only and that they have in them a fundamental flaw in that they invade the rights of the provinces to an unnecessary extent. That flaw arises from the fact that there are no distinct and separate taxation rights that are reserved for the provinces. This has been the fundamental weakness of all our attempts to get around the vexing problem of the relative areas of jurisdiction for provincial and federal governments in this matter of fiscal relations.

Mr. Pickersgill: May I ask the hon. gentleman a question?

Mr. Dinsdale: Certainly.

Mr. Pickersgill: My question is this. Does Mr. Roblin take the same view?

Mr. Dinsdale: I would suggest that the minister direct his question to Mr. Roblin and not to me. I have no authority to speak for Mr. Roblin.

Mr. Pickersgill: I know very well that he does not.

Mr. Marler: I take it that the hon. member does not endorse what Mr. Roblin says.

Mr. Fulton: Mr. Chairman, these men are all gazing into a crystal ball again. The Minister of Trade and Commerce has found it.

Mr. Howe (Port Arthur): The funny boy from Kamloops is back.

Mr. Dinsdale: The contention of the Minister of Finance is found at page 5988 of *Hansard* where he says this:

> While the tax rental agreements now in their tenth and final year have gone a long way toward meeting these objectives,—

The series of objectives which the minister outlined earlier in his speech.

> —in some ways they do not meet all the criteria to which some provinces attach particular importance. The proposals incorporated in this bill are designed to reconcile as far as possible these various conflicting points of view.

I quote that particular section because there has been on the part of the government a tendency to fail to appreciate the argument that we of the opposition made respecting tax rental agreements. We have put up a strenuous fight for an equitable reallocation of taxing and service responsibilities between

the various levels of government. It is a source of encouragement to note that that fight has had the effect at least of carrying the government thus far in changing its mind. By continuing the fight we hope that we might be able to bring the government to a full sense of appreciation of what the essential nature of this difficulty is. In his remarks the Minister of Finance has suggested that he is almost on the point of seeing the light. I quote, for example, the portion of his remarks where he emphasizes the principle—and I am dealing with principle now—of this legislation. The Minister of Finance used the phrase that men and times change. That is quite true, change is a continuous process in the affairs of men. But I should like to add to that phrase used by the minister that principles never change, in this case, principles as they are related to our federal structure of government in Canada. It is a fundamental principle that there must be autonomous areas in both levels of government if our federal system is to survive.

The Minister of Finance (Mr. Harris) seems to have an appreciation of this because in his statement at the resolution stage he said, as reported on page 5987 of *Hansard* for July 16, 1956:

> The federal government is not the creature of the provinces, nor are the provinces creatures of it. Each has its own assigned responsibilities,—

It seems to me that there is the fundamental point of objection, at least it is a fundamental point of objection to the present measure so far as my own personal viewpoint is concerned.

I could quote from authorities other than the Minister of Finance in support of this essential principle. The late Mr. Mackenzie King was also a great exponent of the same principle, and in *Hansard* for 1930, volume II, page 1237, when this matter of giving assistance to the provincial governments was a burning issue because of the depressed economic conditions prevailing, Mr. King had this to say:

> When on a previous occasion we were discussing this matter of grants from one treasury to another, I said I thought it was an unsound principle; in fact, I think I used the expression that it was a vicious principle—

I underscore that word "vicious".

> —to have one body raise the taxes and another body spend the people's moneys thus raised.

So we have it from the responsible minister in the current Liberal government as well as the gentleman who was the leader of that government for so very long that they recognized the principle that is at stake in this particular issue.

Now, the reason I am taking the trouble to raise this point at the present time is that in certain quarters of the Liberal party, particularly in Manitoba, there is a failure to appreciate the issue which is at stake. I recall when we were discussing the renewal of the tax rental agreements in 1952 and particularly during the election in 1953, the opposition's stand was misunderstood or misinterpreted deliberately in relation to this problem. I repeat that our stand on that occasion has been vindicated now by the Minister of Finance in the quotation I read where he says that they were merely temporary, that they were merely a passing solution to a very grievous and difficult problem and something better would have to be found. That is precisely the point we, as an opposition, made at that time.

A pamphlet that was circulated in Manitoba, and to which I took rather forceful exception, presented our stand on this matter in 1953 as an election issue. I think I could best bring it to the attention of the house by quoting from the interpretation that was given by the Manitoba Liberals to the Conservative stand at that time. I take the trouble to deal with this subject because I am quite sure that the same misinterpretation will be made of the present stand of the official opposition. The pamphlet, which is a rather rare pamphlet now because I think it must have found its way into the waste-paper basket as fast as it was delivered to those to whom it was directed, is an election pamphlet and it says something to this effect: The Liberal candidate supports the tax rental agreements but his Conservative opponent for Brandon-Souris supports Mr. Drew in his opposition to the dominion-provincial tax agreements and voted with Mr. Drew on his motion of censure reported in unrevised *Hansard* page 881, December 17, 1952.

Now, I turn to that *Hansard* and this is what I voted for, and I leave it to all hon. members whether it was a fair interpretation of the stand we took at that time. It was a Conservative amendment to the speech from the throne and there were several sections. Section (e) under question said the following as reported in volume I, page 33 of *Hansard* for 1952-53:

> (e) to reach agreement with the provincial governments in regard to a clearly defined reallocation of taxing powers so that the provincial governments and municipal councils may have adequate financial resources to carry out their rapidly increasing responsibilities.

There, we have it. It is not an attempt to deprive the provinces, such as Manitoba, of their legitimate share of tax resources. It is an attempt to provide additional access to those funds and the government, in this present measure, has gone some farther step

along the road to recognizing that the members of the official opposition were correct in their analysis of the problem at the time. In his remarks at the resolution stage the Leader of the Opposition (Mr. Drew) has this to say, as reported on page 5593 of *Hansard* for July 16, 1956. He had criticized the general principle of the bill being brought before the house, and he carries on in the following words:

> Now, in saying these things following the speech of the Minister of Finance, I wish to make it quite clear that the present formula has some merits in the acceptance of certain very important principles.

Principles are of the utmost importance in this whole business. Skipping a few lines, the Leader of the Opposition said as follows:

> The acceptance by the federal government of the place of the provinces and the right of the provinces in the field of income tax, corporation tax, succession duties and other direct taxes is, in itself, a welcome evidence of a return to the position which was always accepted without question over the years between 1867 and 1941, when the wartime tax agreements were signed.

As a result of prodding by the opposition, we have at least made the point that there is this fundamental principle of federalism to be preserved.

Now, I can go farther than the authority of members of parliament and current members of the government in demonstrating this point. Dr. MacGregor Dawson, one of our outstanding constitutional authorities, has on various occasions stressed the importance of maintaining this principle of giving the provinces their rightful prerogatives in the federal scheme of things. For example, on page 135 of the revised edition of his book, "The Government of Canada", he says:

> If the Canadian plan is to succeed provinces must be given certain minor tax fields over which they have complete control so that their structure will retain a degree of elasticity and they can enjoy some measure of fiscal independence.

That statement coming from a very eminent authority on Canadian constitutional matters is the point that I am trying to emphasize here. The opposition opposes this measure because, like the old agreements, it misses this fundamental point. The minister recognizes its necessity but does not quite implement it in the bill that we have before us.

I do not have to emphasize the importance of retaining the integrity of local government. That has been done over and over again in this debate. If we fail to give the provinces their rightful place it means that an increase in dependence upon the federal government causes a growing loss of power and prestige so far as the provincial government is concerned as a separate government entity and the same process carries over to the municipal governments as well. It is a fundamental condition of any healthy democracy that we must preserve the principle of division or distribution of powers. Without a doubt the tragedy that occurred in this house in early June would not have occurred had it not been for the fact that the prestige, the influence and the power of the lesser levels of government—and I use the phrase "lesser levels of government" in the geographic sense—had been undermined as a result of the increasing encroachments which arose primarily during the wartime conditions and which unfortunately have been perpetuated endlessly into the post-war period. Let me repeat, this is the principle the opposition is fighting for and it is a fundamental principle if we are to avoid what has unfortunately happened in this house, a situation that has been decried by the press from one end of the country to the other, and if we are to preserve a healthy state of democracy.

Let me come back to the sort of propaganda that caused me to rise on this occasion. I think it is absolutely unfair, and it is not in the best interest of national unity, to come out with the sort of propaganda which states that the reason we of the official opposition take this position is that we are favouring one section of the country against the other. As far as I am concerned, we are fighting for the fundamental principle of federal democracy. I could have read further from this pamphlet, but perhaps if I read the sort of publicity that tries to arouse regional passions over this important issue that appears from time to time in Manitoba it might make more effectively the point I am trying to make. Here is an advertisement which appeared in the Elkhorn *Mercury* around August 8, 1953:

> Manitoba now receives $23 million yearly under the dominion tax agreement. Drew would scrap this to fatten the money bags of Ontario and Quebec. Dare we take a chance?

That is the sort of propaganda we are up against in Manitoba and I think that what has happened as a result of the stand we took at that time when we were criticized so severely by the government for our unreasonableness is more than justified by what has happened in the changes in the bill now before us. We are hoping that in taking just as adamant a position in dealing with the inadequacies of the present measure before the house, in so far as they fail to include this fundamental principle of federal democracy, we will have some beneficial effect in helping to restore a balanced democracy in Canada. I do not want to go into that any farther. I wanted to be a little more positive and constructive in so far as the areas in which the lower levels of government might

be relieved of certain service responsibilities, and thus be in a position to cope more adequately with the tax resources already allocated to them, are concerned. I refer in this regard especially to the tax on real estate at the municipal level of government. But just in passing, since time does not permit me to do more, I would mention that expensive modern road construction—the hon. member for Prince Albert dealt with this at some length—might quite easily under the British North America Act be carried on by the federal authorities if they so desired, and that is one of the expenses that fall heaviest upon the provinces and upon the municipalities. Under the peace, order and good government section of the British North America Act this responsibility could quite easily be delegated to the senior level of government.

There is one more point that Dawson makes that I should like to touch on before I conclude my remarks and it relates to the statement I have just made. Canada in 1956, because of the failure of the federal government to give leadership in highway construction, does not yet have an all-weather road from the east to western Canada. As a westerner, if I want to travel to Manitoba, I must pass through the United States of America, if I am going to have reasonable driving conditions, and this leads me to an item from book 1 of the Rowell-Sirois report.

The Chairman: Order. It is five o'clock.

Progress reported.

Mr. Speaker: Private and public bills.

RAILWAY ACT

AMENDMENT TO PROVIDE FOR PRINTING OF BILLS OF LADING IN FRENCH AND ENGLISH

On the order:

Second reading of Bill No. 4, an act to amend the Railway Act.—Mr. Deschatelets.

Mr. Speaker: Stand.

BANKING AND COMMERCE

REFERENCE TO HOUSE OF APPEAL FROM RULING OF CHAIRMAN OF COMMITTEE

Mr. John Hunter (Parkdale): Mr. Speaker, it is my duty to refer to you an appeal from my ruling as chairman of the banking and commerce committee. Mr. Knight has stated that in his view the banking and commerce committee should immediately report Bill No. 51 to the House of Commons, even though the Canadian Consumer Loan Association has only started making its representations, and he accordingly moved, seconded by Mr. Regier:

That the banking and commerce committee immediately report Bill 51 to the House of Commons.

[Mr. Dinsdale.]

I, as chairman of the banking and commerce committee, ruled that the motion was out of order since Bill 51 had not yet been carried by the committee section by section, nor had the title been carried nor the bill carried. Mr. Regier appealed my ruling.

Mr. Speaker: This is a matter of rare occurrence. As you may have noticed, the Clerk and I have just had a consultation over the matter. As I understand the situation, standing committees, special committees and committees of the whole house, that is committees to study money resolutions, committees to study ways and means, committees to study supply or committees to study bills are all agencies of the house. According to the authorities the rules of the house are to be followed in committee as far as it is possible and in committee of the whole house an appeal under standing order 59 is allowed from any ruling made by the chairman upon report to the house.

If the rules to be followed by standing and special committees are to be the same as those followed in the committee of the whole we can assume that a member of a committee may appeal the ruling of the chairman, and the chairman of the committee, the same as the chairman of the committee of the whole, would report to the house to have the appeal satisfied by the house pronouncing upon it by way of a vote. That was always my understanding and I was just about ready to put the report to the house.

However, the Clerk has a different opinion on the matter and the argument he puts forward is rather cogent. He submits that the assumption that the rules to be followed by standing and select committees are similar to those followed in the committee of the whole house is based on the English rules and in the United Kingdom there is no such thing as an appeal, either in committee of the whole or in standing and special committees. They settle their own affairs without making a report to the house. If that is so, and if I were to present this report to the house, I am told that we would be initiating something which has never happened. The Clerk and the two deputy clerks have looked for a precedent but they cannot find a single case where an appeal from the ruling by a chairman of a committee has been reported to the house in the fashion which has just been followed today.

As I said a moment ago, I thought there was a possibility that this could be done but after having heard the argument which the Clerk made to me a moment ago it seems to me that the house would want to be most careful as to what precedent would be established if it were to insist upon having this

report placed before it. If committees are to communicate with the house, under the rules there is only one time when the house can accept a report from a committee and that is at the beginning of the sitting under the heading "Presenting Reports by Standing and Special Committees".

This report is no different from any other report by a committee. In the first place, according to standing order 15 this would be the wrong time to receive a report. It is not a report in the sense that a committee would report a bill or recommendations about a matter which had been referred to it. The house may dispense with the rules on certain occasions. In this particular case the appeal was made by the hon. member for Burnaby-Coquitlam (Mr. Regier) who is now in the house. Would the hon. member not be satisfied to have the matter dealt with in the committee on banking and commerce so we could avoid establishing a precedent about which we might perhaps feel sorry later on?

Mr. Erhart Regier (Burnaby-Coquitlam): Mr. Speaker, I would be only too happy to comply with your suggestion. I simply wanted to impose closure on the lobbying of the finance companies. That was my sole purpose and I think we can settle the matter in committee.

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, on a point of order; I should like to make this brief observation. Standing order 59 states:

> The standing orders of the house shall be observed in the committees of the whole house so far as may be applicable, except the standing orders as to the seconding of motions—

Then clause 4 reads:

> The chairman shall maintain order in the committees of the whole house, deciding all questions of order subject to an appeal to the house;

Citation 428 of Beauchesne's third edition reads:

> From the chairman's decision no appeal should be made to the Speaker.
>
> In case of an appeal to the house, it is the duty of the chairman to leave the chair immediately and report in writing the point of order which he has decided. The Speaker must then submit the matter to the determination of the house in the language reported to him and put the question, "That the decision of the chairman be confirmed." No discussion is allowed on the appeal. Should the Speaker be absent, the chairman takes the chair of the house and another member makes the report of appeal to the acting Speaker who will at once submit the question to the house for its decision.

Under the practice followed in connection with appeals from a ruling of the chairman of the whole house, once an appeal has been taken against a ruling the chairman simply rises and makes an immediate report to the Speaker. That does not give rise to the difficulty which you have mentioned of perhaps creating an interruption in the business of the house which might be the case if a select committee were making such report. Nevertheless citation 428 is in broad enough terms to include an appeal from the decision of a chairman of any select committee.

Personally I do not recall any appeal to the house in a situation of this kind, but I do remember an occasion some years ago when an appeal was taken from a chairman's ruling and he ruled that there was no power in the select committee to entertain the appeal and that the appeal must be taken to the house and that he must make a report to the Speaker.

The Speaker does not rule on the appeal. He simply puts the question to the house, and in the light of citation 428 I should have thought that was clearly the proper practice.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I wonder whether I might say a word in support of the arguments which you say have been made to you by the Clerk of the house. It seems to me that the Clerk is quite right in suggesting that this would be a new precedent if the house were to consider the appeal from the ruling of the chairman of the banking and commerce committee. The hon. member for Eglinton has drawn your attention to citation 428. I suggest, however, that citation 428 clearly relates to what happens when there is an appeal from the chairman of the committee of the whole house. I draw the attention of the hon. member for Eglinton to citation 534, which is under the chapter in Beauchesne's third edition having to do with standing committees, in which it says:

> Committees are regarded as portions of the House and are governed for the most part in their proceedings by the same rules which prevail in the House.

In both instances "House" is spelled with a capital "H". I suggest that this is clear. The next sentence is:

> Every question is determined in a committee in the same manner as in the House to which it belongs.

"House" is spelled with a capital "H" again. I suggest that that makes it clear that the proceedings of a standing committee are governed by the rules and the practices that prevail in the house, not in a committee of the whole house, and in the house we would deal with an appeal from the Speaker's ruling, if such were sought, by a vote of the members of the house. Similarly, I think we would be not only meeting the request of the member for Burnaby-Coquitlam but we would be doing the right thing if we referred

this matter back to the committee on banking and commerce and let the members of that committee make the decision as to whether or not they support the ruling of the chairman. In addition to citation 534 in Beauchesne's third edition, may I refer to certain citations in Beauchesne's second edition? First of all, there is citation 602, which is substantially the same as citation 534 in his third edition. Then on the next page I note citation 607, which states:

> Committees are governed in their proceedings by the same rules which prevail in the House and which continue in full operation in every select committee. It is upon this principle, that the practice appears to be founded, of consulting the Speaker, in reference to points of order and the forms of proceedings, by select committees.

There is quite a difference between the provisions in standing order 59 for an appeal to the house from a committee of the whole house and what is spelled out in citation 607, namely, consultation with the Speaker. In the other case, on which Your Honour had occasion to rule some weeks ago, the Speaker does not come into the picture at all; he merely puts the vote. So far as these standing committees are concerned, is it not quite clear from citation 607 that if the hon. member for Parkdale is in doubt as to what he should do he can have a consultation with Your Honour, but that that does not need to be in the house? I submit that we would be doing the right thing if we met the request of the hon. member for Burnaby-Coquitlam and referred the matter back to the committee. I think the Clerk of the house has given Your Honour good advice in this respect.

Mr. Charles Cannon (Iles-de-la-Madeleine): In regard to what the hon. member for Eglinton (Mr. Fleming) has said, the procedure on appeals from a decision of the chairman of the standing committee should be similar to the rule applying to an appeal from a decision of the chairman of the house when sitting as committee of the whole. I thought it might help Your Honour to come to a decision if I cited from Bourinot's third edition, which I happen to have here, pages 519 and 520:

> If a question of order arise the chairman will decide it himself, unless it be deemed more advisable to refer the matter to the Speaker in the house itself. Rule 76 provides:
>
> "Questions of order arising in committee of the whole house shall be decided by the chairman, subject to an appeal to the house; but disorder in a committee can only be censured by the house, on receiving a report thereof."
>
> In case of an appeal to the house it is the duty of the chairman of the committee to report in writing the point of order which he has decided. The Speaker must then submit the matter to the determination of the house in the language reported to him, and put the question—"That the decision of the chairman be confirmed." No discussion is allowed on the appeal.

I respectfully submit that, our two authorities on parliamentary procedure, Beauchesne and Bourinot, not forgetting the hon. member for Eglinton, being of the same opinion, there should be no discussion on that.

Mr. E. D. Fulton (Kamloops): Mr. Speaker, it is interesting to find the hon. member for Iles-de-la-Madeleine (Mr. Cannon) taking the view that he does. Just as he rose I was about to rise and direct your attention to at least two precedents on which I have been able to put my hands in regard to appeals from chairmen's rulings. This is in regard to a special committee, it is true, not a standing committee, but I think the procedure is the same whereby appeals from chairmen's rulings were decided by a vote of the committee. The hon. member was a member of that committee and voted to sustain the chairman's ruling in each case. It was not referred to the house, and nobody suggested that it be referred to the house.

I must confess I am surprised that the point should have arisen, because I have served on numbers of committees, both standing and select committees, where the chairman's ruling has been appealed and the matter has been settled by a vote of the committee without any suggestion being made that the appeal should be referred to the house. I refer to these two examples. In the special committee on estimates last year, you will find in the reports of Wednesday, March 2, and Friday, March 11, appeals from the chairman's ruling on that committee. I think we had more than two such appeals, but those are the two I have been able to turn up quickly.

I recall that in another select committee, it is true, the committee on veterans affairs in 1945 and 1946, there were a few occasions when there were appeals from a chairman's ruling. I also recall that in the special committee on defence expenditures we had appeals from the chairman's rulings, and they were decided in the committee.

Those committees to which I have referred were under experienced chairmen: in two cases the hon. member for Rosthern (Mr. Tucker) and in another case the former member for Spadina, now a member of the Senate; and that is the practice that was followed almost automatically. It did not occur to any member of those committees for a moment that it would have to be referred to the house. I should think that is because of a provision in a citation to which my hon. friend from Winnipeg North Centre has

referred, that the proceedings in committee, meaning the standing and select committees, are governed by the proceedings in the house, spelled with a capital "h", meaning therefore the house in a technical sense, where an appeal from the Speaker's ruling would be decided by a vote. So in committee an appeal from the chairman's ruling, I suggest, should be decided by a vote of the members of that committee. Otherwise there will be, as somebody has pointed out, constant interruptions to the proceedings of the house.

Mr. Cannon: As the hon. member has referred to me, I might be allowed a word in reply. I have sat on several of the committees of this house where there was an appeal from the chairman's rulings to the committee itself, but I have always understood that the rule was the one I had mentioned in citing Bourinot and in citing Beauchesne but that the appeal from the decision of the chairman to the committee itself was done by the unanimous consent of the committee every time to get the matter over with rather than come to the house and go through the whole procedure. It is by unanimous consent of the committee in question if an appeal is made from the chairman's ruling to the committee.

Mr. Fulton: I suggest to the hon. gentleman that the citation he read from Bourinot applies exclusively to the committee of the whole house and that in this connection the proceedings in a standing or special committee of the house are different from the proceedings in committee of the whole; that in a standing or special committee the proceedings are governed by the same rules that apply in the house itself, so that an appeal from a ruling in a standing committee should be decided by the members of that body.

Mr. W. G. Weir (Portage-Neepawa): Mr. Speaker, my recollection goes back some years when there was quite a heated discussion in the same banking and commerce committee at the time that our friend, W. H. Moore, was chairman of the committee. There were several occasions when points of order were raised and he ruled on them and there was no appeal made to the house from the chairman's ruling on points of order at that time. I think I once had the same experience in the committee on agriculture and colonization. At that time the vote was taken in the committee to sustain the chairman's ruling.

Hon. W. E. Harris (Minister of Finance): Mr. Speaker, my experience does not extend back as far as that of the hon. member for Portage-Neepawa, but it has always been the practice at any rate on any committee on which I have served that if there were appeals they would be decided by the committee itself, and until this afternoon I never heard anyone suggest that there was an appeal to the house from a ruling of a committee chairman. I would be inclined to think that a further search of the records and the precedents, which the Clerk has apparently had a somewhat limited time to undertake, would indicate that if this has occurred in the past it probably occurred back during the time referred to by the hon. member for Winnipeg South Centre on another occasion when we discussed procedure at which time he argued, as I recall, that such appeals should not be to the house but should be to the Speaker. He cited references in 1896 with some brief references, I think, in 1907, to indicate that at one time it had been the procedure in a junior part of the house to appeal to the Speaker rather than to the house, and in that particular instance he urged upon us a reversal to the procedure that had been adopted at that time.

I think Your Honour disposed of that in the course of making your ruling but, as I recall it, the rule itself had been altered in the meantime to make sure that the appeal would be to the house. Therefore the quotation from Beauchesne surely cannot be more than an opinion based on experience in committee of the whole rather than on a precedent in the house itself or in a committee by way of an appeal to the house.

There is one feature about this concerning which I must say that I am gratified, and that is the desire of hon. members to have an appeal from a committee at least disposed of in a hurry rather than having delay, as has been the case during this session.

Mr. Speaker: I have heard several opinions and I should like to dispose of this matter but I should like to do it to my own satisfaction. If I go one way or the other I want to be satisfied. I do not know that the committee can function without having a ruling immediately. I would hope that it could function without having a ruling immediately because I should like to study the points raised by members on both sides of the question. Since the matter has been brought up I should like to study it very carefully. It may be that at times I have rushed into giving rulings. Citation 107 indicates that the Speaker may reserve his decision, and that is what I should like to do now. Can the committee function without having a ruling now?

Mr. Hunter: Mr. Speaker, you will notice that citation 428 says that it is the duty of the chairman to leave the chair immediately and report in writing the point of order which he has decided. That I have done, and actually I would assume that whether the

committee can sit while you are making your decision would depend on what your decision might be.

Mr. Speaker: I might say that it is music to my ears to hear hon. members plead that when an appeal is made from the chairman's ruling the Speaker must put the report immediately to the house and, according to citation 428, have it disposed of. I could not agree more with the opinion of the hon. member for Eglinton and the hon. member for Winnipeg North Centre on that score. I am only sorry that I did not adhere to those opinions at all times. It is almost with tears in my eyes that I recall the experience that cost me so much.

If we are to assume that the rules are to the effect that the rules in committee of the whole apply to the proceedings in standing committees and if in consequence of that the chairman, having received an appeal, acted upon the wording of citation 428 of Beauchesne, third edition, he had no alternative but to leave the chair and do as he has done. It appears to me that in the first place this is not the proper time to present such a report because, according to standing order 15, it should be done at the beginning of our proceedings.

In the second place, the practice has been ascertained both by the Clerk and by experienced members of the house and, as particularly pointed out by the hon. member for Kamloops, who said he had found two examples where appeals had been settled within the committee itself. I would gather that the practice with respect to appeals in standing and special committees is to have them settled by the committee itself.

Third, I think the house should consider the point raised by the Clerk which is to the effect that our practice is based largely on what happens in the United Kingdom. There appeals are not settled by the house. As a matter of fact, they have no appeals in their committees. They take the decisions made by the chairman without appealing.

I also go along with the remarks made by the hon. member for Kamloops to the effect that if we were to initiate this procedure of having appeals heard by the house there would be no end to the disturbances which might thereby be created, and I do not think that we create committees to study special matters that we refer to them merely for the purpose of having the chairman come back here and interrupt our proceedings in order to take a division on every one of the appeals which may be taken from the rulings of a committee chairman.

As I have said, it is against my own preference to make a ruling now but I am informed, and I know that it is so, that the committee cannot continue to function unless and until I give a ruling. I would have much preferred to study the matter more carefully and give a ruling later. In making a ruling now, however, I will enter this caveat, that I will study the matter further and should I find that I am wrong I will come to the house and say so. I have to rule now that the appeal from the chairman's ruling should be settled in the committee on banking and commerce and not reported to this house.

CRIMINAL CODE

AMENDMENT RESPECTING POLLUTION OF INTERPROVINCIAL RIVERS

The house resumed, from Tuesday, February 28, consideration of the motion of Mr. Diefenbaker for the second reading of Bill No. 66, to amend the Criminal Code (nuisance).

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, when the hon. member for Prince Albert (Mr. Diefenbaker) moved the second reading of this bill on February 28 last, I was not able to rise to reply to his case until just a few minutes before six o'clock. In those few minutes I pointed out that we in the government were deeply sympathetic with the objectives which my hon. friend had in mind, but that we gravely doubted the efficacy of the method he proposed to use to achieve them.

The whole question here, of course, is as to what is the best method of solving this problem of pollution. As I have stated on previous occasions on which we have considered this matter, I do not think a satisfactory solution to this problem can be found by proceedings in the criminal courts. That, of course, has been the view of the government all along and it is still our view.

The impression I gained from these remarks of the hon. member for Prince Albert is that the supposed need for his introducing this amendment to the Criminal Code arises from what, in my opinion, he mistakenly regards as a defect in the existing law.

I think he is also mistaken in that, if such a defect existed,—and I do not think it does exist—the amendment which he has moved would not remedy this alleged defect. That is my submission, and I will now attempt to show that it is well founded.

Now, it may be that I do not understand correctly the case of my hon. friend from Prince Albert. In order to make sure that we are *ad idem*—that we understand one

another—I should like to attempt to recapitulate his case in the hon. member's presence and to ask him to correct me if, at any stage, I state his position wrongly.

First, he made the plea, on the basis of a quotation by the mayor of Prince Albert of an opinion obtained from Mr. McCuaig of Edmonton, that there was "the legal difficulty of a city in one province obtaining an injunction against a city in another province and stated that as yet he has found no legal method by which this "can be accomplished", that is to say there was no legal method by which an injunction could be obtained in Alberta in respect to a common nuisance which had been created in Prince Albert in Saskatchewan. Then having pointed out that that civil remedy was not available, the hon. member for Prince Albert went on to say this, and I am now quoting from page 1633 of *Hansard* of February 28, 1956:

> Having first pointed out that the person has no civil rights on an interprovincial river whose water supply has been polluted, I am now endeavouring, following that, to show that the only means is to put teeth in the criminal law so that wrongdoers who would take advantage of the situation and thereby destroy this bounty of nature shall be severely punished.

Then my hon. friend goes on to say what his conception of the law is at the present time, a conception with which I shall in due course take issue. He states it in these terms on page 1634 of *Hansard*:

> As the law stands today there is no right under section 165, the present nuisance section, or any other section of the Criminal Code, to prosecute wrongdoers on interprovincial rivers. All that section will do is to cover the individual who dumps a bit of stuff into a river within the province in which the prosecution takes place. But nowhere and under no authority can anything be done by people living in provinces adjoining the province in which the pollution has taken place.

At that point I intervened with this question:

> Under the amendment to the code which he proposes,—

That is the hon. member for Prince Albert (Mr. Diefenbaker).

> —if someone in Edmonton were guilty of an offence under it, which offence caused difficulty in Prince Albert, would he not agree that the prosecution of that offence would have to be conducted by the Alberta law enforcement authorities?

To that question my hon. friend from Prince Albert replied in part as follows:

> I do not have before me the section of the Criminal Code that covers exactly that type of thing where an offence happens affecting two jurisdictions.

Later, Mr. Speaker, I will cite that section to which the hon. gentleman was presumably referring and will endeavour to show that it completely covers the problem that he had in mind. He continued as follows:

> One of the earlier general sections of the Criminal Code provides for eventualities similar to that; but whether or not my hon. friend is correct, suppose the pollution took place in the province of Alberta: all that would need to be done would be for a charge to be laid in the province of Alberta and the witnesses transported to the place of trial within Alberta.

In other words, in those remarks my hon. friend from Prince Albert indicated that he had the impression, in perhaps a somewhat inchoate form but nevertheless a correct impression, of what the law is at the present time. Then I asked this question:

> May I ask my hon. friend another question? If that be so, then would not the same condition of affairs and the same reason apply to a charge for committing a common nuisance which had been committed in Alberta, which caused a bad effect in Prince Albert and which could be prosecuted in Alberta by taking Saskatchewan witnesses to Alberta for that purpose?

My hon. friend's reply to that question was this:

> With that general proposition I am not in agreement. In making pollution on interprovincial rivers a criminal offence I think the prosecution could be taken in either place where the pollution actually took place or in the province in which the effects of that pollution were felt.

Then after quoting from the definition of what is a common nuisance under law as it is now, the hon. member for Prince Albert goes on to say this:

> If the section as it now stands covered such cases as this, then a person in Prince Albert or any other place in Saskatchewan affected by the pollution would be able to take a prosecution against the Alberta company. But as the law now stands there is no provision whatsoever.

That is the point upon which I take issue with my hon. friend. The hon. gentleman from Prince Albert continued:

> That is not my opinion, although I entirely concur in it; that is the opinion of counsel. Under the law as it now stands, there is nothing that can be done by a resident in one province to meet the nuisance of pollution in an adjoining province.

Then I again intervened with a question as follows:

> Would he—

That is the hon. gentleman from Prince Albert:

> Would he point out in his amendment the provision therein which makes it possible for a person in Saskatchewan to prosecute an offender in Alberta? What language in his amendment provides for that possibility?

That is to say, if the supposed defect in the existing law is that a man who suffers a nuisance in Prince Albert cannot prosecute in Alberta, I was asking my hon. friend what it was in his amendment—that is the one that is now under discussion—that would remedy that defect. My hon. friend's reply thereto was as follows:

> Just wait a minute. I have already said that under the section as it now stands proceedings

could be taken in Prince Albert if the present nuisance section covered the situation. I say that it does not cover that situation because pollution of an interprovincial stream does not come within the law as it is now constituted. It is because of that fact that I want this amendment added so as to cover interprovincial streams. Then immediately there will be available the right of action and there will also be teeth in the law.

So, Mr. Speaker, upon that point, the question of whether or not my hon. friend has a case depends upon whether he is right in his statement that there is no provision in the law to enable a person suffering from a nuisance committed in one province to prosecute in another. I would refer him in that connection to section 419 of the Criminal Code. I think this is the one that he had in mind when he said that there was a provision in the code covering cases "where an offence happens affecting two jurisdictions". Section 419 reads as follows:

419. For the purpose of this act,

(a) where an offence is committed in or upon any water or upon a bridge, between two or more territorial divisions, the offence shall be deemed to have been committed in any of the territorial divisions;

(b) where an offence is committed on the boundary of two or more territorial divisions or within 500 yards of any such boundary, or the offence was commenced within one territorial division and completed within another, the offence shall be deemed to have been committed in any of the territorial divisions.

Now, Mr. Speaker, I apprehend that where, in the province of Alberta, a company or companies or municipality, under the existing criminal law, discharge a polluting effluent into the Saskatchewan river which going down that river constitutes when it reaches Prince Albert, a common nuisance within the meaning of the relevant section of the code, that is a case which clearly falls within section 419(b). There is, therefore, no necessity for my hon. friend to move his present amendment for the purpose of clearing up that difficulty. It is already cleared up in this section 419 of the code. But if it had not been cleared up already in the code, then my hon. friend's amendment would not have had that effect in any case; because if this difficulty had existed the mere reference in my hon. friend's amendment to an interprovincial river would not have the effect of meeting this alleged difficulty.

Then, my hon. friend from Prince Albert goes on; and this is his next objection, as set out at page 1635 of *Hansard* for February 28, 1956:

As the matter stands today the maximum penalty—even if the present section applied—on indictment is two years or the matter could be proceeded with by way of summary conviction in which case the maximum penalty would be $500. But $500 penalties, even if they were applicable, would be simply nothing to corporations which wantonly and wilfully pollute these waters.

I go back to this principle and I am trying to make it clear to my hon. friend. As the law is now, or as the section reads now, there is no right of action for the pollution of international rivers. The amendment will make it an offence.

Now, with regard to this matter of penalties, I would refer my hon. friend to section 623 of the code which reads as follows:

Notwithstanding subsection (2) of section 621—

A reference which has no bearing upon the use of this section in the present context.

—a corporation that is convicted of an offence is liable, in lieu of any imprisonment that is prescribed as punishment for that offence,

(a) to be fined in an amount that is in the discretion of the court, where the offence is an indictable offence,—

So that the whole of my hon. friend's argument that the penalties under the relevant section of the Criminal Code are inadequate for the type of offence that was envisaged here is quite unfounded. If an accused were a corporation and were found guilty of this offence, which is an indictable offence, then there is no limit at all to the amount of the penalty which the court could impose.

Now, Mr. Speaker, my hon. friend's position it seems to me is that he wants an amendment to the law because he is under the impression, which with respect I think is an incorrect impression, that the present law is not effective or not applicable. He says he has an opinion to that effect, but he did not table it or quote it except in very general terms. In my judgment that opinion is wrong. It may be that I am wrong in this matter; and if that were so then until these points are decided by the courts we would not know which of the two views was correct, although in the face of these clear provisions I have just quoted it does seem to me that the matter is not susceptible of very much doubt.

But I would state this, that both in provincial legislatures and in this house where a given law seems to require some reform the practice is the one which we followed in the revision of the Criminal Code, to have the need for reform studied, to draft legislation, to enact legislation with such amendments as may be made by committees of the house or by the house itself, and then when the law has been passed not to amend it further until it has been interpreted by the courts in a way that for example in the present case would afford my hon. friend some legitimate foundation for his suggestion that the law should be further changed.

Until the sections of the code which I have quoted today, which seem to me to be crystal clear, have been held by the courts not to mean what they say, I do not think my hon.

friend should come to this house with the suggestion that it be changed upon the basis of the sort of argument he has made in support of the change or of the information he has collected in support of this argument.

As I have said on previous occasions, we on this side of the house do not think a solution of this problem of the contamination of the waters of the country can be reached by any kind of criminal court method. I am not suggesting we should repeal any of the existing provisions which have stood the test of time, but I think if we are thoughtful we all realize that pollution is going to be cured by doing away with it by concerted efforts upon the part of the responsible governments concerned.

In order to inform the house as to steps that have been taken during this past year since the last time I made a report in this regard in relation to the North Saskatchewan river—

Mr. Diefenbaker: Before the minister goes on to deal with these generalities I should like to ask him one question. Could he tell me of one case of a successful prosecution under the section in question where an offence was committed on an interprovincial river? I simply ask him that one question because if what he says is correct, and it is so easy to take these prosecutions, you would think that with the vast amount of pollution that is going on in this country and the ruination of the rivers, that section would have been used.

Mr. Garson: My hon. friend is a very clever counsel and the question which he has just asked me reminds me of another series of three questions.

Mr. Diefenbaker: I have asked a very simple question.

Mr. Garson: I should like to illustrate this, and then I shall be glad to answer the question after that. An eminent counsel in the United States was examining a medical expert of national standing before a jury. He said to the medical expert, "Do you know Mr. Jones?" "Yes." "Were you his medical attendant?" "Yes." "Where is he now?" "Oh, he is dead." He said, "Do you know Mr. Smith?" "Yes". "How long did you attend Mr. Smith?" "Oh, for 12 years." "Where is he now?" "He is dead." "Did you know Mr. Brown?" He went through the same process with regard to Mr. Brown and others with unfortunate consequences upon the minds of the jury. Now, my hon. friend asks me the question as to whether I know of any case in which this particular section of the Criminal Code was invoked for the purpose of prosecuting a nuisance in an interprovincial river in one city which began in another. I do not know of any such case.

Mr. Diefenbaker: No, certainly not, because it has not arisen.

Mr. Garson: No.

Mr. Diefenbaker: It cannot be done.

Mr. Garson: This is an intelligent gathering.

Mr. Diefenbaker: You would not think it was from this sort of discussion.

Mr. Garson: I am suggesting that in this intelligent gathering hon. members will probably think that there has never been any occasion previously for anyone even to commence a case in respect of a nuisance within section 169 of the Criminal Code which arose on an interprovincial river in one province and was completed in another.

Mr. Diefenbaker: What about the Ottawa river? There was a prosecution in Quebec, but what happened? The court said no.

Mr. Garson: A prosecution in Quebec?

Mr. Diefenbaker: Yes.

Mr. Garson: A prosecution in Quebec with respect to the Ottawa river but, if I mistake not, the Ottawa river is the boundary between Quebec and Ontario over a considerable part of its length, so that if someone in Quebec were polluting the river, we will say, at Campbell's Bay and some person else in Quebec was complaining about that he would not have to leave the province of Quebec in order to prosecute for this pollution. In any event, the mere fact that no occasion of this sort has arisen does not establish my hon. friend's point that the existing legislation would not be effective if it did arise; nor does it support my hon. friend's case that the present law should be changed simply because no person has as yet invoked it, or had any occasion to invoke it. But as I see it, Mr. Speaker, the important thing in this matter—

Mr. Diefenbaker: Pretty evasive.

Mr. Garson: —of preventing pollution is to prevent it and I have had this report from the Department of National Health and Welfare of progress in preventing pollution on the North Saskatchewan river during the past year.

During routine sampling carried out by the provincial department of health of Alberta in the early months of 1956, odours which were described as stale or septic were noted. This condition was quite distinct from that which gave rise to complaints during the winter of 1953-54. This condition was attributed to lack of oxygen resulting

from the pollution originating in and near Edmonton and aggravated by the fact that the stream was ice-covered.

In an attempt to correct the situation, the Alberta health authorities instituted mechanical aeration of the stream, some 60 to 80 miles below Edmonton. Owing to difficulties of a mechanical nature and the lateness of the season, this experiment could only be continued for about three weeks. Consequently, only a slight increase in the oxygen content of the river was obtained. The equipment used in this experiment was supplied by the city of Edmonton and had been out of service for several years. When the electric motors were put into service, they burned out and some time was lost in replacing them. Comparatively mild weather during the experiment resulted in the ice remaining open at the points where it had been broken to instal the aeration tubes. Consequently, much of the air escaped through these openings.

Carbon filter studies carried out at the same time and with the assistance of the United States public health service and the Ontario department of health were designed to identify the pollutants responsible for odours. Examination of the extracts obtained from the carbon filters are now being conducted in the laboratories of the Alberta research council.

It should be noted that by means of observations and analyses conditions in the North Saskatchewan river are being checked constantly by the Alberta health department. It it our understanding that the oxygen content of the North Saskatchewan river has returned to normal as a result of the spring breakup with no complaints of odour.

The available information indicates that water treatment plants taking water from the North Saskatchewan river were able to produce water of satisfactory quality during the past several months.

Industries in the Edmonton area are continuing to maintain effective control of their wastes. For example, it is known that certain procedures, such as the following, have been instituted: burning of high-odour wastes, using combustible wastes as fuel and the retention of potentially offensive wastes which are checked prior to release to the river, or discharged to holding ponds if they are found to be objectionable. Storage ponds are used extensively to retain and dissipate wastes which might contribute unsatisfactory conditions in the river. Thus it can be noted that the industries of the Edmonton area have been active in providing treatment facilities for the control of taste and odour-producing wastes capable of producing objectionable conditions in the North Saskatchewan river. Results have been gratifying.

The city of Edmonton has been actively engaged in providing treatment plants for its municipal wastes in order to comply with the requirements of the provincial health department. A sewage treatment plant to provide primary treatment for part of the city's sewage was put into operation in 1955. Secondary treatment facilities are presently being provided at this plant. A second sewage treatment plant is now under construction and this will provide primary treatment for the balance of the city's wastes. These facilities should be in operation in the autumn of 1956. It is understood that this program will be continued so that secondary treatment of all the city's wastes will be achieved within the near future. This will obviously improve conditions in the river to a marked degree.

I think, Mr. Speaker, that my hon. friend himself will agree there is more in that one statement in the way of progress in the control of the pollution of the North Saskatchewan river than my hon. friend can achieve in a dozen criminal prosecutions, whether under the existing law or under the amendment which he has moved and which I think is totally unnecessary.

Mr. Diefenbaker: You seem awfully afraid of the amendment.

Mr. Deputy Speaker: Does the house agree that we should go into committee before we rise?

TAXATION

MEASURE TO PROVIDE FOR AGREEMENTS WITH PROVINCES

The house resumed consideration in committee of Bill No. 442, to authorize the Minister of Finance to make payments to the governments of the provinces and to authorize the government of Canada to enter into fiscal agreements with the governments of the provinces—Mr. Harris—Mr. Robinson (Simcoe East) in the chair.

The Chairman: Since it is six o'clock, I do now leave the chair.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Mr. Dinsdale: Mr. Chairman, I think I can conclude very quickly the remarks I was making. When the committee rose at five o'clock I was making a point which relates itself to a statement in the report of the Rowell-Sirois commission, page 43, and I quote:

> National security, national development and the fostering of trade and commerce by appropriate regulation were regarded by the fathers—

By that they mean the founding fathers.

> —as the great functions of government. They were also the functions which they thought likely to expand in the future. When these had been transferred to the federal government, the provinces were left with functions, the burden of which was not expected to grow.

I think that gets us to the main part of our problem. The federal government assumed the major responsibilities of national security, national development and the fostering of trade and commerce. As the committee rose at five o'clock I was stating that notwithstanding the rapid development in this country in the past two decades, particularly since world war II, we have not yet built an all-Canadian highway from east to west. That is symptomatic of general neglect of the functions of national development allotted to the federal government.

One reason for the necessity of tax rental agreements, equalization payments and so forth arises from the neglect of the development of national economy in various parts of the country. I decided to raise this point because in the house today we heard some statesmanlike utterances concerning depressions and such like and the responsibilities pertaining thereto. Such speeches are often made in this house and there is not always a strict regard for historical accuracy.

If there is any cause for complaint concerning the progress of the development of the nation it certainly does not fall upon the shoulders of Her Majesty's loyal opposition, because since 1896 we have had the privilege of holding office only for some sixteen years. The Liberal party has carried the burden of responsibility for most of that entire period. Therefore if there is any criticism as to the state of the development of our economy it rests squarely upon the shoulders of that party.

Accusations are made concerning depressions and 20 cents per day. That was a measure adopted to meet an emergency problem in connection with young men who were unemployed during that period. I left college in 1937 two years after a Liberal administration had been returned to power and we were still in the depths of very serious depression. In fact the depression combined with the drought in 1937 brought us almost to the lowest level of that dark and bleak period.

Mr. Blackmore: There was no 20 cents a day either.

Mr. Dinsdale: That is just the point I was going to make.

The Chairman: I am sorry to interrupt the hon. member but I am obliged to advise him that his time has expired.

Mr. Dinsdale: May I have time for one sentence to make my point?

The Chairman: Has the hon. member unanimous consent to proceed?

An hon. Member: One sentence.

Some hon. Members: Agreed.

Mr. Dinsdale: With the kind permission of the chairman and the committee I will continue with the point that I was trying to make, that in 1937 when there were no other job opportunities and because of the continuing bleak conditions in this country, notwithstanding the fact that a Liberal administration had been returned, I went into social work in an effort to do something toward solving the problem and my work was mainly among the unemployed employables and the charge they made at that time was that in the period 1930-35 they had 20 cents per day from the government but after 1935 they had only highways to pound.

Mr. Hamilton (York West): Mr. Chairman, I cannot guarantee to give my whole speech in one sentence even if it be as long as the one the hon. member for Brandon-Souris has just used.

An hon. Member: Try it.

Mr. Hamilton (York West): It would be a pretty tough job.

Mr. Harris: It might be more effective.

Mr. Hamilton (York West): I do not know. I used the illustration a little while back that there seems to be only one effective weapon to use here and that is to repeat over and over the problems that face any particular part of our population. That seems to be the only way we can get these problems across to the treasury benches.

I should have spoken this afternoon and I hope I will be given a little leeway. I went along with the Minister of Finance in connection with the suggestion he made. I should like to start by using this sentence: The parties shall bargain in good faith. That is a simple sentence and is one which appears in almost every collective bargaining agreement I have ever seen. It appears in almost every piece of collective bargaining legislation we have on the statute books of this country. Yet it seems to me that we are going through the motions of dealing with the most important domestic contract that has faced this country since confederation and I see no signs from the government benches of the good faith which I submit should be present in any negotiations of this type. There seems to be more grasping than good faith; there seems to be more manoeuvring than good faith; there seems to be more politics than good faith.

As long as we continue this type of bargaining there will be no progress along the line of a true rapprochement among the various taxing powers of this country, and I may say that that is badly needed. I am not going to spend a lot of time quoting figures, although I may quote a few.

Mr. Pickersgill: May I ask the hon. gentleman a question. The hon. gentleman is a lawyer and I am only a simple layman.

An hon. Member: Simple is right.

Mr. Pickersgill: The hon. member has been talking about contracts. I have always understood that in any contract there was a consideration given on each side. I wish the hon. member would explain what consideration the provinces are giving in return for these payments.

Mr. Hamilton (York West): I think that is a very easy answer to give. The provinces are giving up to the dominion fields of taxation to which they had equal right and which they gave up during a time of crisis and now the dominion government is trying to hold them ad infinitum.

Mr. Pickersgill: That is completely incorrect.

Mr. Hamilton (York West): The minister had an opportunity to speak on second reading and I am sure he will have plenty of opportunities to speak at this stage and express his views again and again. He has a double advantage over the rest of us in that he has moved from one place to an adopted part of the country and he knows the problems of each. Most of us have not been that fortunate in our method of getting here. I may say that if we want evidence as to there being a serious problem I would read from Canadian Tax Paper No. 10 by J. Harvey Perry, in which he said this:

> Important as are these regional disabilities a far more universal problem arises from the seam-stretching strains on all provincial and municipal governments caused by a snowballing population and a booming economy. Provincial and municipal politicians, trapped between mounting requirements for essential facilities and services on one side and the impenetrable wall of federal taxation on the other, have been howling in frustrated wrath. And well they might, too, for theirs is a serious predicament.

There is a statement from one of the most prominent economists in the country, which indicates the position in which the provinces and the municipalities find themselves at the moment. If we need any proof about the politics that enter into this discussion, I might read from the same report. Further down in the report this is stated:

> No doubt in a sense it also marks a resurgence of political criteria over the predominantly economic evaluations of recent years. This is evidenced by the application of political tests to the tax agreements, which were designed by economists for economic ends, by the apparent assumption of the initiative in federal-provincial negotiations by the Prime Minister in place of the Minister of Finance, by the strong role played by the privy council officials in the negotiations with provincial officials, and in many other subtle ways.

That is an indication that here is a situation where politics instead of cold basic economics is playing by far the most important role. I might say to the Minister of Citizenship and Immigration that I was amazed today to hear, after all the talking that we have done, that the only situation that confronts us now is an equalization of welfare in the provinces.

Mr. Pickersgill: The yield from taxes.

[Mr. Pickersgill.]

Mr. Hamilton (York West): Surely there is the additional major problem of the balancing as between the provinces and the dominion, as well as that equalization required as between province and province. If we continue along the lines suggested by the Minister of Citizenship and Immigration, we shall end up by rationing poverty instead of equalizing prosperity.

There are many ways of proving to you the situation that faces the municipalities and the provinces, but I cannot pass this opportunity without referring to the brief prepared by the Canadian Federation of Mayors and Municipalities, covering the period 1930 to 1951, which at pages 31 and 32 says the following:

> Between 1939 and 1951, federal government revenues per capita rose from $45.33 to $270.68. In the same interval, provincial government revenues per capita in Canada rose from $21.10 to $65.68, while municipal government revenues rose by a lesser amount from $28.07 to $45.49.

This is an indication that this government during this period has increased its take of the taxpayers' dollar by nine times. The provinces have been able to do it by multiplying it three times. As far as the municipalities are concerned, they have been very fortunate to get a 50 per cent increase. Further on it says:

> Municipal governments, relying upon less flexible revenue sources than the federal and provincial governments, have become increasingly dependent on grants and subsidies of other governments; otherwise they will be unable to finance the local services and responsibilities traditionally falling within their jurisdiction.

Surely something must be done for these people. There have been many suggestions, but it is still not too late to ask that this tax group be brought together once more. There is still time. These agreements do not run out until the spring of next year. Let us see whether we cannot approach this problem in good faith. I do not think that anyone can honestly say that there has been an attempt to negotiate a fair and proper deal. As a matter of fact, we have listened to and heard about labour negotiations that may last six or seven months, called to work out a solution satisfactory to both parties. What has this group done? How much time have they spent on this problem?

Mr. Harris: More time than any other previously.

Mr. Hamilton (York West): I do not know what the Minister of Finance may think about it, but they got together for a couple of days, they fixed some type of agenda and they had a few of the subcommittees get together for a few days. Then they came back for four days, to do what? To consider

a set formula of this government. There was no negotiation, on this phase and as a matter of fact I might say that about six days spent, all told, is proof that good faith did not enter into this deal.

Mr. Harris: Who does the hon. member suggest did not have good faith?

Mr. Hamilton (York West): I would suggest that this government was not in good faith when it presented after only two or three days—

Mr. Marler: How do you get six days down to two or three?

Mr. Hamilton (York West): If the Minister of Transport will take his time, I shall get it down to two or three. After two or three days of what might be called negotiation, a firm proposal was put forth to these people on a "take it or leave it" basis. To me, as I say, that does not indicate good faith. So I say, as a first point, let us reconvene this group before it is too late. There is still time to do something about it.

As we have gone through this session, we have heard from all sides various suggestions as to what might be done to assist the municipal taxpayer. First of all, I have heard it said that there should not be the levying of a sales tax on municipal purchases. There is an opportunity there to assist the hard-pressed municipal taxpayer in that connection.

I might say that the Minister of Finance has been urged strongly several times that we have now reached the stage where the federal government should not expect to have its buildings free from municipal taxation. That is another way in which equality could be given to the real property taxpayer.

As a third method—I think this was referred to by the previous speaker—I recall that some $15 million or so has been spent annually on the trans-Canada highway. At the same time sales and excise taxes collected on automobiles, rubber tires and accessories bring this government well over $200 million per annum, and it is returning approximately $15 million. If it had the welfare of the people at heart, the least that could have been done was the complete payment for that road and the maintenance thereof. As a matter of fact, I might say that one of the reasons why I voted against that bill was that quite obviously in principle it was a responsibility that this government should have taken completely.

For a fourth point—there has been no indication of a basic, progressive plan of spreading out our industrial base. If there were some indication from the government that it was interested in such a plan, then we should not have the same complaints emanating from various parts of Canada, there would not be the same reason for the maritimes to say they were the poor cousins. It is time the government gave some leadership in that connection as well.

Finally, if the indications now are that the government is not going to reconvene this tax parley then as far as the municipal taxpayer is concerned it is time that he was allowed some deduction from his income tax for the payment that he is making towards education costs. If that were done it would provide a broader base for the municipal authorities to collect their revenues. If you do not do this, if the government does not attempt these things or see that they are done they will end up by having created to the detriment of the Canadian taxpayers simply 10 moneychangers' pockets of varying physical sizes, of varying degrees of prosperity, of varying degrees of narrow provincial nationalism. You will make a shambles of confederation. The responsibility for this will rest firmly on the treasury benches. It will rest more so on the Minister of Finance and in the end it will really rest on the shoulders of the Prime Minister. Let me repeat, with one change, my opening sentence: The parties must bargain in good faith.

Mr. Patterson: Mr. Chairman, it is not my purpose to take very much time on the first clause but there is one matter especially to which I should like to draw the attention of the government and the house. First of all I should like to refer to one statement made yesterday in the debate by the Minister of Fisheries. I think he has been dealt with fairly adequately by some of the other members of this group but he said one thing which has not been referred to by either of the members of this group who have taken part in the debate and I should like to refer to it. As found at the bottom of page 6313 of *Hansard* of yesterday, the Minister of Fisheries said:

> A very curious attitude is held by the premier of British Columbia and his Social Credit colleagues in the house. When facing British Columbia they declare that British Columbia has never been more prosperous.

As found in the second paragraph on the following page he went on to say:

> But when they face Ottawa they have a very different story to tell. They tell us that British Columbia is poverty-stricken and must have more money. They tell us Ottawa must help not only with tax dollars but that we must move into purely provincial fields such as education, highways, toll bridges, flood relief on a minor scale, and even assist their provincial railways. They tell us Ottawa has to help poor poverty-stricken British Columbia.

I would not refer to this, Mr. Chairman, except that there may be some people who, without thinking the thing through, would believe the Minister of Fisheries.

An hon. Member: That would be a catastrophe.

Mr. Patterson: I think it would be a tragedy if anybody did believe what he said in this connection as well, of course, as some of the other matters to which he referred. However, I should like to say that neither the premier of British Columbia nor the members of the Social Credit group from British Columbia have ever stated that British Columbia is poverty-stricken. I should like to refer to the speech of the hon. member for Macleod in which he called attention to an issue of the *Financial Post*, the entire third section of which was devoted exclusively to the marvellous and outstanding developments in the province of British Columbia. When I had the opportunity to participate I referred to the same issue of the paper and quoted the writer of the front page article in that particular section of the paper. He said that the government, with a new boldness of concept, was directing record outlays.

I think that the Minister of Fisheries is going beyond the realm of fact and truth when he states boldly that we tell a hard luck story and present British Columbia as a poverty-stricken province. It is far from that, but no thanks possibly to the Minister of Fisheries. What British Columbia wants is justice and fairness. When the Minister of Fisheries refers to the fact that we want the federal government to move into purely provincial fields such as education, highways, toll bridges, flood relief, assisting the provincial railway and so on, may I just say that many of these things refer to the development of the province of British Columbia and it is through the development of the province that the federal government can draw from it the vast amount of revenue they are taking from it at the present time. We only say that if they are going to reach in with both hands and take as much money as they can out of the province because of the development they certainly should be ready to invest a little bit in that development. That is all I am going to say in this connection. I am sorry the Minister of Fisheries was not able to be in his seat tonight, but I wanted to put that on record.

I think the views of this group have been set forth very clearly and conclusively in the debates at the resolution stage and on second reading and it is not necessary for me to restate our position tonight. I only say again that we believe that the provinces should be taken into the confidence of the government, that the government should have been willing to sit down with the provinces and work out a proposal, agreement and formula that would be satisfactory at least to some of the provinces instead of just going ahead, setting it out and saying, "All right, here it is, do what you like with it."

I believe that the provinces are vitally interested in this proposition and they should have a better opportunity of presenting their views, entering into the discussions and formulating a plan because if we want to secure co-operation in the working out of a plan I believe it is absolutely essential that there be co-operation in the drafting of the plan and the proposals.

I should like to refer now to some communications. I have here a telegram dated July 10, 1956, addressed to the queen's printer, Ottawa, Ontario, from J. V. Fisher, deputy minister of finance of the province of British Columbia. The telegram is as follows:

> Ref *Hansard* June 25, 1956 page 5327 as soon as bill is presented to provide agreements with provinces please send three copies and bill undersigned.

If we refer to page 5327 of *Hansard* we find that it has to do with the resolution preceding the introduction of the bill. Here we have the deputy minister of finance requesting three copies of the bill. I also have here a mimeographed form letter which the deputy minister received from C. A. St.-Arnaud, superintendent of publications, the last paragraph of which reads:

> The large number of orders and letters of inquiry received each day by this office makes it impossible for us to write you a personal letter. We hope this reply is satisfactory and that you understand that we value your inquiry nonetheless highly despite the necessity of our answering in this form.

I now go back to the top of the page and read as follows:

> Mr. J. V. Fisher,
> Deputy Minister of Finance,
> Government of B.C.,
> Victoria, B.C.
>
> This will acknowledge your recent communication requesting Canadian government publications. We regret that we are unable to supply the following for the reason checked below:

Instead of being checked it is written in, and this is what I should like to call to your attention especially:

> Re your telegram of July 10, 1956, returned herewith. We regret to say it is not expected that the bill you refer to will be presented during the present session.

Mr. Dufresne: They are pretty well informed!

Mr. Harris: All I can say at this point is that if the inquiry had been directed to me,

as I would have supposed it would have been, that answer would not have been made.

Mr. Patterson: We will just go a little further into the matter. Here we have it stated that they are not expecting the bill to be presented during the present session; and as far as we know the government of British Columbia has never yet received the copies of the bill.

Mr. Knowles: Can you not send them one?

Mr. Patterson: Yes. We could send it.

Mr. Blackmore: Why should he?

Mr. Patterson: The question is this, Mr. Chairman. Is the printer in league with the government on this thing?

Mr. Harris: Don't be silly.

Mr. Patterson: I am not silly.

Mr. Pickersgill: There is some doubt about it, anyway.

Mr. Patterson: That is one man's opinion. Another man's opinion is as good as yours.

Mr. Harris: With my hon. friend's consent, may I say this. This legislation has been mentioned, I think, five times during the course of this session and on every occasion it has been stated that we intended to proceed with it during the present session.

Mr. Patterson: Then why was this communication sent to the deputy minister of finance of the province of British Columbia saying that it was not expected that this bill would be introduced during this present session?

Mr. Pickersgill: People make mistakes.

Mr. Patterson: That is a question that perhaps can do with more explanation than has been given by the Minister of Finance. I just say again: What goes on anyway? They are wanting the co-operation of the governments of the provinces. They want them to co-operate in the drafting and the execution of the plans and so on. Yet when they ask for these bills they are not forthcoming.

Mr. Johnston (Bow River): Why does not the government send them out voluntarily?

Mr. Patterson: That is another question. The hon. member for Bow River asks why the government does not send them out to the provinces.

Mr. Johnston (Bow River): They don't have to be requested to do it.

Mr. Patterson: All these things enter into it. Once again we say this. In view of this incident and some of the other things that have happened, and the attitude of the government down through the past, we think it would be a good idea even yet to get the provinces together and to make another try at getting an understanding on something that is mutually agreeable, and working out a solution and a formula that at least some of them would be satisfied with. We therefore just place these things on record, Mr. Chairman, as another reason why the suggestion that our leader put forward should be acceded to, namely that even yet another conference be called to discuss the proposition.

The Chairman: Shall the clause carry?

Mr. Bell: Mr. Chairman, I just want to take this opportunity of recording the fact that I would have voted against Bill No. 442 on second reading this afternoon if I had not been making a radio speech at the time. Frankly, I did not think that the persuasive methods of the Minister of Finance would have been so successful and that he would have been able—perhaps rightfully—to talk us into continuing discussion at this stage. I had gone off for 15 minutes and missed that, but as my remarks certainly indicated previously, I was opposed to that particular stage of the bill.

The Chairman: Shall clause 1 carry?

Clause agreed to.

On clause 2—*Definitions.*

The Chairman: Shall the clause carry?

Some hon. Members: No.

Mr. Hamilton (Notre Dame de Grace): On this clause, which contains the definitions of the bill, it is possible to make certain remarks I have in mind concerning the department to which is to be assigned the responsibility for implementing the provisions of the bill. We find—

Mr. Harris: Mr. Chairman, I rise on a point of order. I can assure you that I do not agree with the statement of facts given to the hon. member. If there is a complaint against the Department of Finance it is surely a complaint to be made on my estimates and not on any bill that I may present.

Mr. Hamilton (Notre Dame de Grace): If the minister will bear with me for just one or two sentences more until he sees where I am going instead of stopping me before I have even got started, I think we will both be in agreement, Mr. Chairman. The responsibilities for implementing these provisions are left with the Minister of Finance. That is probably necessary at the present time because among all the cabinet members the Minister of Finance is the one most directly concerned with provincial-federal financial problems. However, in the course of the

debate which has taken place on this bill it has become apparent that the present legislation is merely the culmination of relationships between the provinces and the federal government which have been in the process of evolution since confederation. At the time of confederation these things were reasonably well set out and reasonably established. Since then, changing conditions, the changing economy of this country and changing world conditions have caused many changes in the relationships between the provinces and the federal government. We find today that the affairs of the provinces and those of the federal government impinge not only in matters of finance but at innumerable other points. Only a couple of weeks ago the Minister of Northern Affairs and National Resources went out to British Columbia for a discussion which affected the water resources and power resources of that province.

Mr. Harris: Now I know I was right.

Mr. Hamilton (Notre Dame de Grace): The Minister of National Health and Welfare is continually in contact with the various provinces and we often hear of his travelling across this country for meetings with officials of those provinces. The affairs of the Department of Labour, or of the Department of Justice and of almost every other department of this government, in addition to the Minister of Finance are interrelated to those of the provinces.

Having said that, Mr. Chairman, I come to the particular point which, regrettably I find in clause 2 of this bill, namely that it assigns the responsibility for carrying out the provisions of this bill to the Minister of Finance rather than to someone who perhaps might best be called secretary of state for provincial affairs. At this particular moment we have not a secretary of state for provincial affairs. As I think you would infer from my remarks, Mr. Chairman, to me that is unfortunate. I have pointed out how relationships between the provinces and the federal government are being carried on in a number of fields by a number of different ministers. There is no correlation. There is no force in the federal government which binds these various gentlemen together and relates their activities one with the other, save perhaps the force of a prime minister who is already over-age and over-burdened.

Mr. Pickersgill: Has the hon. gentleman never heard of the cabinet?

Mr. Hamilton (Notre Dame de Grace): The cabinet, Mr. Chairman, has hardly been a cohesive force in recent months, as has been evident on more than one occasion.

[Mr. Hamilton (Notre Dame de Grace).]

Mrs. Shipley: Consider the comment, where it comes from.

Mr. Hamilton (Notre Dame de Grace): Despite the provocation, Mr. Chairman, I shall respect the hon. member for Timiskaming and restrain the obvious comment which springs to mind.

Mr. Langlois (Gaspe): It is the first time you have restrained yourself.

Mr. Hamilton (Notre Dame de Grace): As we look back over the history of the development of the cabinet, we find that until recently certain cabinet posts, such as Secretary of State for External Affairs, did not exist. The portfolio was carried on by the Prime Minister as one of his many activities. From time to time other ministers would be delegated to undertake certain responsibilities in connection with our affairs with other countries. But, as I have said, recently that responsibility has been laid directly on the shoulders of one responsible minister. While we may not always agree with the policy carried on by that minister, I think we can say that it has been more convenient in this house to have an official responsible in that field, and with the exception of perhaps a little misunderstanding which arose early in this session it has usually been possible to get some form of information which was reasonably accurate from that minister because it was his job, as Secretary of State for External Affairs, to keep himself conversant with the day to day happenings in that field.

But my suggestion—

The Chairman: Order. I fail to see how a discussion of the duties of the Secretary of State for External Affairs can possibly come within the scope of this clause. The hon. member did preface his remarks by mentioning the Minister of Finance, who is defined in the clause, but it seems to me we must keep our discussion to the exact terms of this clause which is, after all, merely an interpretation clause.

Mr. Hamilton (Notre Dame de Grace): I am in complete agreement with you, and the interruption with reference to the Minister of Finance comes at just the right time to point up the statement I was going to make. You will recall that I was interrupted just as I said, "Now my suggestion is—"; that is the point at which you rose. Let me now proceed.

My suggestion is that, rather than the responsibility for this legislation being submitted to the Minister of Finance, it should be delegated to an officer, a member of the cabinet, who might very well be called the secretary of state for provincial affairs or, in

the alternative, the minister for provincial affairs. I assume, Mr. Chairman, you are satisfied I am now back on the bill because that is extremely pertinent to this piece of legislation. If it is to be implemented by a minister who has all the other responsibilities of the Minister of Finance of this government, who is fundamentally and foremost responsible for the financial affairs of the federal government, it is in the first instance going to be difficult to get a completely unbiased approach to the problem by the minister concerned. Secondly, even if we accept the fact that the approach will be unbiased, it will be difficult for the matters contained in this bill to get the most adequate study and supervision.

I suggest that this might be a very good point for the government to consider the departure I am suggesting, and go forward from here with the thought in mind of the establishment of a department of provincial affairs, one very similar to the Department of External Affairs, which would not infringe the rights of the provinces any more than the Department of External Affairs infringes the rights of other nations. But it would devote its entire attention to legislative matters such as this, and to the ever more increasingly complicated matters which lie between federal and provincial authorities.

Mr. Harris: I would say just a brief word about this, Mr. Chairman. It is not a new proposition. It has been advanced at one time or another in the house by the hon. member for Prince Albert. We had a secretary of state for the provinces from 1867 to 1872. We abandoned the post. I think nearly everyone, except those who now advocate it and they are very few, would expect that the provincial government and the federal government would have direct access on those problems that are required to be solved between them, and the more direct the better because there is more possibility of a good solution.

I appreciate that the hon. member for York West has argued that we are similar to trade unions and employers because under these arrangements the provinces appear to be working for us and therefore ought to have the right to bargain collectively with us. I do not approve of that and I do not agree with it. I think the appointment of a separate minister for the purpose of dealing with provincial governments would only aggravate the problems that we have rather than aid in solving them.

Mr. Hamilton (Notre Dame de Grace): May I just ask the minister a question about this? Does he then believe that the Secretary of State for External Affairs has aggravated relationships between our country and the other nations with which he deals, because the situation is very similar?

Mr. Harris: I think perhaps the inquiry answers itself.

Mr. Hamilton (York West): I do not think I likened the two parties to trade unions and employers other than to mention the good faith which was required ordinarily in entering into contracts of that kind.

I should like to ask a question about section 2. This may be defined in the Interpretation Act, I am not sure; but I wondered if the minister might define, "permanent establishment within the province on the last day of its taxation year"? I had in mind a problem of this kind. A company, such as an operating air company, has a place of business where letters may be received, correspondence answered, but it may be operating in a province with a contract and have its facilities merely in tents, and then at the end of the contract those aircraft may be back in hangars in the province from which the company originally operated. Now, in the contemplation of the definition of this section, how would it apply to a situation of that kind?

Mr. Harris: It is defined in the regulations. I have a copy, and I will send them to my hon. friend.

Mr. Michener: The discretion which is given to the minister under the act is, of course, a necessary feature of legislation of this kind. It crops up not only in the interpretation section but throughout the bill to the extent it is quite conceivable that the effect of the legislation will depend a good deal on the way in which the minister's discretion is exercised, and I should like to ask a question on that subject. Before doing so, just let me indicate the extent of the discretion in clause 2 which deals with interpretation and definition. The first definition in which there is a discretion is that of standard corporation income tax, which means the amount as determined by the minister. I appreciate the fact that there are factors which are not definite statistical calculations. For example, the permanent residence of a corporation might be subject to differences of opinion and so things might might fall on one side rather than on the other, depending on the exercise of opinion. I do not complain of the granting of the authority to determine matters, but I do point out that it is a very wide authority which the minister would have to exercise. There is the first example of it in this section, and it comes in other sections of the

bill. I might just as well deal with the point now, with your consent, Mr. Chairman.

There is discretion in various definitions throughout section 2, in subsection 1, paragraphs (d), (f), (h), and then in subsection 3 of section 2, and again in sections 4, 5, 8, 9 and 10. I will not take the time to say to what all of these discretions relate, but finally we have the regulation section which says that the governor general in council may make regulations respecting:

The determination of any matter that under this act is to be determined by the minister.

This seems to be a fairly comprehensive provision; but the effect, as I say, might be substantial on the results of the legislation, and I wonder whether the minister would give us an estimate of the variation in the payments which are to be made under this clause as between a restrictive interpretation by the minister and an expansive interpretation of one of these definitions, such as the definition of standard corporation income tax? It might run to very substantial sums. I wonder whether the minister has thought about that and could give us some information regarding the discretion of the minister in carrying out these sections?

Mr. Harris: As the hon. member for St. Paul's has indicated, I doubt whether it would be possible to have a bill of this kind without ministerial discretion so that the house would, to some extent at least, have to put some faith in the minister and the regulations he may make under the bill. On the other hand, we have had the authority to make regulations under the Income Tax Act since there was an Income Tax Act, and also under the Tax Rental Agreements Act we have had authority to make regulations and in effect to exercise discretion. I must say that in the course of all the conferences we have had I have not had any complaints from provincial representatives that any dispute of substance between the federal government and the provincial government in connection with the regulations had not been more or less amicably settled after negotiation and consideration. I must add, however, that on occasion provincial governments have felt strongly about a matter of principle and when that has come to be decided it has been decided on the ministerial level. But as regards the discretion, for example, to arrive at the standard rate and the like and what it means in one province and in another, there has been remarkable co-operation and understanding between the provinces and the federal government in working out minor matters that may arise for ministerial discretion. I have not made a calculation of how much would be involved if I took a lenient view and how much would be involved if I took a restrictive view. I do not think that question would arise particularly because my recollection is that I have had only two problems arise during the two years that I have been minister. I suppose I should not confess it at this time but I think that in both cases we finally agreed with the provincial point of view on each of them.

Mr. Michener: Mr. Chairman, may I ask the minister this question? I appreciate it is difficult to arrive at the differences which might result from a lenient and a broad interpretation but, as I understand the bill, the payments are based on a calculation of the tax collection for the three different taxes in Ontario and British Columbia and one very easy sort of difference of opinion would be a decision as to the province to which the tax on a particular corporation should be attributed. May I ask the minister whether in these conferences the figures which the federal department has produced as the amount of corporation tax levied in a particular province have varied very substantially from the figures produced by the provincial statistician to the point where there was real difference of opinion?

Mr. Harris: There is no difference of opinion, sir, because the provincial governments did not question the figures we gave in the sense that my hon. friend has mentioned. They understand quite well the method we use in attributing payments to one province or another, and, while there are minor matters of detail that are discussed from time to time, they did not, as I say, present figures nor, so far as I know, up to the present time have they questioned the figures that we issued to them in October by way of illustration or those that were sent with the offer in January, or those which we are now circulating.

Mr. Nowlan: Mr. Chairman, this is a very complicated bill and one hesitates to ask any questions with respect to it at all, because one can get involved in all sorts of legal difficulties which undoubtedly will be resolved some day, possibly by the courts or, as the minister said, by a compromise, and it is always in favour of the provinces, I trust, rather than in favour of the federal department. I think he will admit there are more slight differences now between the provinces and the federal government than there were before because there has to be an absolute apportionment of corporation taxes, income taxes, and so on earned within the provinces, and therefore these questions may be of more importance today than they were heretofore when the tax rental agreements have been in

effect. At least, there are some who profess to be authorities and who have written brochures on this matter which certainly indicate that and therefore the question raised by the hon. member for York West and to which the minister replied a moment ago, "I understand it is covered by the regulations and I am sending you over a copy of it" could be of some importance to a province, particularly one outside of the central provinces, as to just what is included in this definition of permanent establishment in the province. I think the minister said it was covered by the regulations, or he was presuming to accept the regulations under the Income Tax Act for that. In order to avoid discussion which might arise later on with respect to this, and disputes, it might be better for the minister to clarify that now rather than send over a copy of the regulations to one hon. member, which is an act of courtesy which we can appreciate, but which does not help anyone who may look at *Hansard* one year, two years or three years from now as to just what is involved in this. For instance, one can easily understand the case of the Canadian General Electric, shall we say, who operate a branch office in Halifax which has a sales manager and salesmen. Is that a permanent establishment under this definition or is it not? I can think of a dozen other minutiae like that that are going to determine how much each province gets, particularly from the corporation tax. Perhaps the minister should clarify that a little more clearly than he did in his answer to the hon. member for York West.

Mr. Harris: I shall read the regulations in a moment, sir; but in the meantime may I just add this? I know my hon. friend does not anticipate any real difficulty, but it should be borne in mind that at the earliest conference we had in April and the conference we had again in June it was decided to have our officials consider with the officials of the provincial governments various matters that might arise in connection with this proposal. Those of you who may have read the record will remember there was a meeting of officials in February of this year. These regulations are fully understood and appreciated by the various officials in the several governments. As I say, so far I have not had any complaints about them.

Mr. Barnett: Subclause 3 of clause 2, which relates to individual income tax, reads:

> Where from time to time by reason of a change in the rates of tax or in personal exemptions or allowances for dependents as defined in the regulations, the effective rate of individual income tax or of succession duty differs from the corresponding effective rate applicable
>
> (a) in the case of individual income tax, on the 6th of January, 1956,
>
> the minister shall alter the standard individual rate or the standard succession duty rate, or both, as the case may be, in relation to the corresponding effective rate, so that the ratio of the new standard rate to the former standard rate varies inversely with the ratio of the new effective rate to the former effective rate; and for the purposes of this subsection the minister shall determine the effective rates.

Could the minister translate that into more intelligent English for those who like me find their mathematical understanding a little bit rusty?

Mr. Harris: That is very simple; it means just what it says. This is the guarantee to the provinces that if this parliament were to reduce the tax rate or the personal exemptions or allowances referred to, it would nevertheless compensate the provinces for that reduction by paying them at the rate existing on January 6 regardless of any change we might make. That is all it amounts to.

I might translate the effective rate in this way. Supposing one had an income of say $10,000 on which his tax was $2,000. The effective rate then would be 2 as to 10; the effective rate is not the percentage which he pays, be it 22 per cent or 30 per cent or 35 per cent income tax, it is related to the actual tax he pays on his taxable income. We say that if the rates are reduced by 10 per cent the standard rate is increased proportionately for the benefit of the provinces. They will not have any reduction because of our reduction.

Mr. Barnett: I had come to the conclusion that probably that was the gist of it. I should like to ask one further question by way of clarification. I notice that there is no reference in subclause 3 to corporation income tax. In subclause 1 (d) a definition is given of standard corporation income tax and a rate of 9 per cent is set out. Can the minister explain why there is no corresponding provision in respect to any change in the rate of corporation income tax?

Mr. Harris: It is 9 percentage points of the corporation income tax. That is, the standard rate remains constant and will always accrue to the provincial government at that rate. If we happened to reduce our rate of tax, which will be 38 points after this 9 per cent is taken off, if we were to reduce it to 33 per cent, it would make no difference to the income of the provinces because they would still be getting the flat 9 percentage points which we have established in this bill.

Mr. Barnett: Supposing the dominion government was to change the basis of corporation tax? That is not something that is likely to happen, I agree.

Mr. Harris: It does not affect the provinces. In the case of personal income tax we are giving a percentage of the yield to the province; in the case of corporation income tax we are giving 9 percentage points of the return regardless of our total return.

Mr. Michener: On that same point. If the federal government were to increase the corporation income tax rate, something to which we would not look forward with any pleasure, would it not be proper to have the standard rate increased by reason of the increase in the corporation tax so the province would get some benefit from the extra use of that field by the federal government?

Mr. Harris: I have been listening all day to hon. gentlemen opposite, and particularly those of the Conservative party, and I have assumed that that question would be asked because every one of them has urged upon me an increase in federal taxes to take care of the provinces to a greater extent.

An hon. Member: Distribute the surplus.

Mr. Rowe: Nobody asked for an increase in taxes.

Mr. Nowlan: The minister had better take that off the record or he will never get this through tonight.

Mr. Harris: I have heard half a billion surplus spoken of. I gather then that hon. gentlemen opposite were only arguing in the light of the fact that they assumed there would be a surplus this year and that that surplus might be used. I have never heard anyone with any knowledge of the subject say that the surplus was going to be that amount. In any event let me point out that I am delighted to note this change in viewpoint because I take it that throughout the five-year period if there is no surplus the argument they have made today will be left for another occasion. To answer my hon. friend's question directly, he would not expect the answer to be yes.

Mr. Michener: Why not?

Mr. Nowlan: Let me simply say that there has been a recent anticipated surplus. Every responsible person in Canada expects that there will be. Of course the minister has to hide behind his official responsibility. Officials of the tax foundation and publications such as the *Financial Post*—the minister will not look down his lorgnette at them—and former officials of his department who have left to go into private business have made these predictions. They are the ones who have made estimates from $500 million up. We do not know whether that is the case and certainly we cannot do anything but guess at this time. But barring some debacle, which of course could always happen under this government but which is not probable, I am sure the Minister of Finance is going to have to work awfully hard to bury the surplus he will have at the end of this fiscal year.

We have assumed that there would be a surplus from which further distribution could be made to the provinces. More than that, the minister would not deny that under his beneficent reign and that of his government there has been an era of prosperity for 20 years and the gross national product is bound to increase from year to year. Therefore we are going to have large and more bounteous revenues from our tax yields without increasing the burden of taxation. I think the minister had better keep these matters in mind when he suggests that we have been advocating an increase in corporation taxes in order to pay these grants to the provinces, which certainly we have been urging during the last two years and which we will continue to urge and which ultimately the minister will accept if he happens to be there long enough. We will see them carried into effect.

Mr. Michener: The minister's answer does not really satisfy me. Apart altogether from the question, the matter we are dealing with here is the rate of corporation taxation. That rate is now 47 per cent and under this arrangement the provinces may tax 9 percentage points and that amount will be credited to the provincial taxpayers. It is quite appreciated that, if the federal government reduces its corporation tax rate, that is not to reduce the field in which the provinces can tax. That is proper, and there is no objection to that, but it seems to me it is a one-way street as it stands. In the case of the personal income tax and succession duties, if the federal rate goes up or down, the minister will then adjust to keep the rate the same, but if the corporate tax rate goes up that is a greater occupation of the field by the federal taxing authorities. It seems to me that it would be proper then to raise the standard rate so that the province has a proportionately larger field of taxation and so that it is not a one-way street in changes in the corporation tax field.

Clause agreed to.

On clause 3—*Payments to provinces.*

Mr. Nowlan: I think there is one matter that should be cleared up now. As a matter of fact it probably was cleared up, or may have been cleared up, in the letter of the Prime Minister of February 18, which appears at page 1458 of *Hansard,* but which certainly was very indefinite and inconclusive. I think

it would be well for the Minister of Finance to deal with that question now and say whether the provisions of that letter apply. Clause 3 is headed "Payments to a province". That covers, of course, payments for stabilization and equalization and all the other payments to the provinces. The question in my mind—I think it was probably answered by that letter but I would like that clarified—is this. What is the position of the provinces which have been receiving statutory subsidies up to the present time? The matter was raised by the hon. member for Saint John-Albert, and I think I know why he raised it. It is based on a paper written by Mr. J. Harvey Perry for the Canadian Tax Foundation. Apparently it was written before the Prime Minister's letter of February 18, because in this paper Mr. Perry raised that question and said it would not look nearly so good for the "low income provinces." He said:

> One of the elements under the tax rental agreements which produced this relative advantage was the statutory subsidies. No mention is made in the Prime Minister's letter—

I presume that is the January letter.

> —of the manner in which they will be treated under the new offer. They no doubt will be continued to be paid, but whether they are paid in addition to the amounts offered or are offset against them will be of very material consequence. In total they amount to about $20 million, of which $6 million goes to the Atlantic provinces.

I should like a definite statement from the minister at this time that any payments which it is proposed to make or which will be made under this legislation will be in addition to and will not be offset against any statutory subsidies or other subsidies presently payable to the provinces under existing legislation.

Mr. Harris: The statutory subsidies are incorporated in the British North America Act, either originally or by amendments. Nothing in this bill could affect them in any way, and does not.

Mr. Nowlan: They will not be offset?

Mr. Harris: That is right.

Clause agreed to.

On clause 4—*Tax equalization payment.*

Mr. Barnett: I feel I should like to say a few words on clause 4 because in the discussion that has so far taken place in the various stages of this bill it has become clear that the provisions set forth in clause 4 are of very great importance.

As far as I am concerned, I think it is worth reminding those members in this house who voted against second reading of this bill this afternoon that clause 4 is in the bill, and I for one find it difficult to see how any Canadian could object to the principle that is therein set forth. I feel that perhaps I can say this because I happen to be a member from one of the two provinces mentioned in this clause as having the highest per capital income. Whilst it is perfectly true that the province of British Columbia does stand to gain in a very minor way from the provisions set forth in this clause, nevertheless it is a very minor gain as far as British Columbia is concerned.

This afternoon the Minister of Citizenship and Immigration, quite rightly, focused our attention on the principles that are set forth in this clause. Whilst I must confess that I do not share the almost lyrical appreciation he apparently has for the premier of the province of Newfoundland in some of the statements he makes, nevertheless I confess quite freely that, being a resident and citizen of one of the wealthier provinces, such as British Columbia is today, it was for me a very salutary experience to spend some weeks in the province from which the Minister of Citizenship and Immigration derives his representation in this house. I might perhaps interject here that I was thinking that he might have been well advised, in view of the remarks he made about the oratorical abilities of the premier of the province, to have one of his platters here this afternoon and play to us the statement from which he was quoting. He may perhaps have listened to one or two of the platters which I understand were circulated to the candidates supporting Premier Smallwood in the provincial elections. However, that is merely an aside from the point I am trying to make.

In this connection, as I listened to some of the exchanges that took place between the Minister of Fisheries and the member for New Westminster, both fellow British Columbians of mine, I could not help thinking that it might be a rather salutary experience for the premier of British Columbia to spend a few weeks in a province like Newfoundland or even perhaps if he were to return for a few weeks to his native province of New Brunswick, where I understand he once took school lessons from the member for Royal. It might perhaps serve to give him a little greater appreciation of the value of the provisions set forth in this clause than he appears to have at the present time.

I do not intend to speak at length on this clause. I have refrained from participation at the previous stages on this bill, but before I sit down I should like to tell the house that as I have listened to the debate I have been

reminded more than once of one of the old nursery rhymes. Listening to some of the more eloquent spokesmen on behalf of some of the exaggerated provincialisms that appear in this house, I have thought of the nursery rhyme that goes like this:

> Little Jack Horner sat in the corner
> Eating his Christmas pie.
> He stuck in his thumb and pulled out a plum
> And said, "What a good boy am I".

Mr. Michener: This is the important clause which provides for the fiscal needs of those provinces which do not share the benefits of confederation as fully as some of the others. That is a principle which has been generally endorsed by all parties. Certainly our opposition to the bill did not indicate in any sense opposition to the principle of equalization payments. I think it would be well to point out as this clause is being considered that this formula which has been developed is a pretty rough measure of the fiscal needs of a province. In fact, it is not a formula based on fiscal needs at all. It is a formula based on the difference between the value of three taxes to a province compared with the value of those same three taxes in the provinces of Ontario and British Columbia at this time. Therefore it is really a formula which provides for payments based on the means of a province rather than on its needs, if I may make that distinction, and although it undoubtedly equalizes the revenues in these three tax fields among the provinces and to that extent does meet fiscal needs I do leave the thought with the house that this is not a scientific method, if I may say so, of arriving at what has been generally subscribed to as the necessity for equalizing payments among the provinces to enable them to provide a minimum or average standard of services to their people throughout the country.

Clause agreed to.

Clause 5 agreed to.

On clause 6—*Tax rental agreements.*

Mr. Knowles: May I—

Mr. Harris: I should like to move an amendment.

Mr. Knowles: Maybe that will answer my question.

Mr. Harris: In the 20th line on page 6 are the words "in this section." I move that those words be changed to the words "in section 7."

The Deputy Chairman: Has the minister that amendment?

[Mr. Barnett.]

Mr. Harris: I beg your pardon. I am told there has been a reprint. I am sorry; I did not realize that. What has my hon. friend got?

Mr. Knowles: My copy reads "as authorized by section 7."

Mr. Harris: That is all right. They had not favoured me with the latest printing.

Mr. Knowles: You are as badly off as the deputy minister of finance of British Columbia. The question I wish to ask is this. If a province does not enter into an agreement for a full five year period as set out in this clause but later wishes to enter into an agreement for the four or three years that remain in the period, would that be possible under the legislation?

Mr. Harris: We have discussed this with the provinces during the course of our conferences and discussions, and I always indicated that we would hope that we would have an early decision from the provinces with respect to an agreement because there are certain administrative difficulties in undertaking an agreement. Therefore it would depend on how soon after the act became operative whether or not we would enter into an agreement. One could appreciate that it would hardly be likely that one would want to enter into an agreement in the last two years and perhaps not even in the last three, but I should think that a period of at least three years could be considered favourably.

Mr. Michener: Mr. Chairman, looking at subclause 3 of clause 6 we find that it says:

> The minister, with the approval of the governor in council, may, on behalf of the government of Canada, enter into an agreement, not inconsistent with the provisions of this act, amending the terms and conditions of a tax rental agreement.

I call attention to that power because of the history of previous tax rental agreements and to say that I hope that this is not looking forward to a series of bargains different one from the other in which one province may obtain an advantage which then is requested by other provinces and the agreements then cease to follow a pattern which at least holds an even balance but change from time to time.

I recall to the minister the sequence of events immediately after 1946 when Mr. Ilsley's budget gave authority somewhat similar to this and three provinces entered into agreements. I think they were Alberta, Saskatchewan and one of the maritime provinces. Then, British Columbia, presenting some very powerful arguments, secured what were undoubtedly much better terms from the federal authorities. That, of course, set

the whole thing off again and there was a clamour from those who had signed wanting the same terms, and so the process of bargaining went on.

I am not sure what the purpose is of this provision which permits amendment in the course of the five years. Presumably the agreements will be made according to the terms of this legislation, that is, according to the formula which has been devised, and will be the same for all of the provinces and devised to do substantial justice at this level of tax sharing for which the legislation provides. If that is so, perhaps the minister would indicate what he has in mind in taking the power to amend uniform agreements which he looks forward to signing with a number of provinces in the course of the five year period.

Mr. Harris: The purpose is not that which the hon. member had in mind with respect to the negotiations that followed the 1946 budget. It is to take care of any minor matter that may arise either by inadvertence or by a peculiar condition in any given province which has no relation to any other, although one would not expect that to be very frequent, or it may take care of a real change in principle in which event, of course, the change in principle would be applicable to all the other agreements.

I believe that since 1952 we have only amended one agreement once and that was with respect to certain logging taxes in British Columbia. The other provinces, of course, were aware of this and they felt as we did, that it was a problem peculiar to British Columbia and that, if we felt so, it was a proper way of amending that particular agreement. It is not intended that there should be a period of bargaining. Indeed, the whole purpose of the bill is to have as much uniformity as possible.

Mr. Michener: One other feature of this clause to which the minister has just referred, and that is the one which permits a province to levy profits taxes on mining and logging, commends itself as a very distinct improvement over the former arrangements which did not permit the deduction of certain provincial taxes in the natural resources field. I only wish to say that it is a disappointment that the principle of exempting provincial profits taxes on certain companies operating in the field of natural resources has not been carried further.

In speaking at the resolution stage I gave figures indicating the great disparity between the returns to the province and the returns to the federal treasury in profits taxes from such things as mining and lumbering, and there is no doubt that the provincial expenditure in that field produces substantial returns to the federal treasury out of all proportion to what the provinces are able to collect. I bring it up because of my feeling that there is an area in which substantial justice has not been done to the provinces in restricting the exemptions which are permitted in that field of taxation.

Mr. Harris: Carried.

The Deputy Chairman: Shall the clause carry?

Mr. Nowlan: Before the clause carries may I say this. I think what the minister said a moment ago about the uniformity of the agreements would be somewhat disappointing to some premiers of whom I have heard at least indirectly if not directly, who suggested that there would be fairly ample scope for bargaining when these agreements were entered into. We all realize, of course, that there are individual taxation problems such as the one the minister referred to a moment ago affecting lumbering in British Columbia. After confederation there was one in New Brunswick where, on account of some difficulty in the industry, a set customs duty on lumber was omitted in some of the agreements for several years thereafter. I should just like to get a definite statement from the minister that, subject to these individual problems which are localized in particular provinces, he is telling this committee that the tax agreements negotiated will be on a uniform basis other than for those individual circumstances.

Mr. Harris: Quite so.

The Deputy Chairman: Shall the clause carry?

Clause agreed to.

Clause 7 agreed to.

On clause 8—*Tax collection agreements.*

Mr. Michener: I think it would be useful if the minister would explain to the house the principle on which the federal government will collect the taxes of the provinces which see fit to levy their own taxes under this tax-sharing proposal, so that we may understand just what scope there is and also so that we may understand in what circumstances the federal government will not collect a provincial tax.

Mr. Harris: I am sorry, but I did not hear my hon. friend's final sentence.

Mr. Michener: I asked the minister for the circumstances under which the federal government would collect, and also the circumstances under which they would not collect, provincial taxes in these three fields.

Mr. Harris: In the first place, Mr. Chairman, the provincial government would have to impose the tax in question; in the second place, it would have to be a tax with respect to which the definitions and exemptions were substantially the same as our own; and in the third place, they would have to agree to pay us a modest fee for collecting.

Mr. Michener: What is a modest fee?

Mr. Harris: We have made no arrangements, of course, because up to the present time no province has indicated anything more than academic interest in this proposal, and we have not suggested any particular fee. It would be negotiated with the provincial government. During the conference we made it clear that it was not our desire to make any profit out of this matter but that we would want to retain out of the tax about the cost of collecting. While I would let the provincial premiers speak for themselves on this matter, I think that most of them felt that we could collect probably as cheaply as could they. I think the house will understand that if the tax law happened to be substantially different from our own there would be a great many difficulties in collection and therefore we would not undertake it.

Mr. Michener: If the province has tax laws substantially the same, its variation in rate from the standard rates permitted in the act will not prevent that province from having its taxes collected by the federal authority? For example, what I have in mind is this. Under the arrangements which existed before the war I think the federal government collected personal income taxes for the province of Ontario and also for the province of British Columbia, with the result that the taxpayer had only one return to file, the taxes were paid to one authority and then distributed, and the province was free to levy whatever rate of tax it saw fit to levy. Will that flexibility exist under this legislation, Mr. Chairman? For example, can a province levy an income tax which is more than the authorized ten percentage points and still have it collected by the federal authority if the terms of exemption and so on of the taxing statute are substantially the same?

Mr. Harris: No. It would have to be at the standard rate.

[Mr. Harris.]

Mr. Michener: Is the minister willing to reconsider that position so that if a province wishes to undertake the hazard of taxing in excess of the allowed rate and therefore imposing a duplicate tax, its citizens may still be spared the necessity of filing two income tax returns?

Mr. Harris: I know my hon. friend would not want to impose on me any greater embarrassment than he thinks I ought to bear. But I think it would be almost impossible for this government to collect the tax other than at the standard rate. I think he would appreciate the reasons why. But as I said at the resolution stage of this bill, five years is a long time, although not nearly as long as the 20-year period to which some hon. members kept referring in the course of the debate; and one never knows what will come out over a period of time as a result of consideration by the various governments. But at the moment we have concluded that we ought not to accept responsibility for collecting for a province other than at the standard rate.

Mr. Michener: I hope the government has not come to any final decision in these matters because it seems to me—and this opinion has been expressed by various speakers on the other side—that there is a real advantage in not requiring duplicate sets of returns. It seems to me to be consistent with the principle of freedom of a taxing authority among the provincial authorities that the federal government should act as an agent where the tax laws are substantially the same except in the matter of rate. After all, that is the point we have been arguing. The decision as to the rate of tax in these fields is the responsibility of the province as an autonomous government with an equal authority in that field. I now express the hope that the government will show that degree of co-operation which is essential in a federal system in working out arrangements to meet the circumstances which arise in the future where there are differences as to the rate of tax to be collected and where provinces see fit to go their own way within the reasonable limits of this tax-sharing proposal.

The Deputy Chairman: Shall the clause carry?

Clause agreed to.

Clauses 9 and 10 agreed to.

On the title:

The Chairman: Shall the title carry?

Mr. Low: No. In connection with the title, Mr. Chairman, may I say that the wording is not proper or is not properly dignified at all.

In an important measure of this kind I think that the wording of the title should recognize the partnership principle in the relation that ought to exist at any rate between the dominion and the provinces in any negotiations that take place between them or with respect to any agreements that are drawn up between them. Certainly the wording of this title cannot be considered to be in that class. For the benefit of hon. members who have not listened to it, I will read it. The title reads as follows:

An act to authorize the Minister of Finance to make payments to the governments of the provinces and to authorize the government of Canada to enter into fiscal agreements with the governments of the provinces.

Mr. Chairman, it sounds as though the whole purpose of the bill is to enable the Minister of Finance to dole out allowances to the governments of the provinces. In order to make the title reflect the kind of principle which I suggest should govern in the relations between the government that we head and the provinces I wish to move, seconded by the hon. member for Lethbridge:

That all the words of the title after the word "authorize" in the first line be deleted, and the following substituted therefor:

"the government of Canada to enter into fiscal agreements with the governments of the provinces of the Dominion of Canada, and to authorize the Minister of Finance of the Dominion of Canada to make cash refunds of all direct taxes collected in each province in accordance with the terms of such agreements and in accordance with the terms of the British North America Act of 1867."

Now, Mr. Chairman, may I say just one word about the final phrases of the wording which I propose. Those final phrases indicate, if they are accepted, that the government is prepared to recognize the sanctity of the Canadian constitution, a thing which they have not given much indication of recognizing thus far.

The Deputy Chairman: Is the committee ready for the question?

Amendment (Mr. Low) negatived: Yeas, 7; nays, 64.

Title agreed to.

Bill reported.

INDIAN ACT

AMENDMENTS TO PROVIDE FOR CHANGES IN ADMINISTRATION, AMOUNT OF LOANS, ETC.

Hon. J. W. Pickersgill (Minister of Citizenship and Immigration) moved the second reading of Bill No. 439, to amend the Indian Act.

He said: I have no intention of speaking at any great length on the second reading of this bill. There was considerable debate at the resolution stage and a number of points were raised which I think could perhaps, more appropriately in most cases, be dealt with on my estimates, if and when they are reached. Most of them had very little relationship to the contents of the bill. I make no pretensions for this bill. I did not at the resolution stage, and I do not now. My hon. friend the Minister of Finance (Mr. Harris), when he had the portfolio I now have the honour to have, brought before this house a complete revision of the Indian Act. After two years' experience as minister, it is my opinion that this parliament did an excellent job in revising that act and that several years should go by before any major revisions are made.

The hon. member for Prince Albert, speaking at the resolution stage, suggested that the time had come to establish a royal commission to consider the future of the Canadian Indians. I would not say, out of hand, that I was opposed to that recommendation but I would say that I think it is a little too soon to do it. I think we need a few more years' experience with the kind of limited self government for the Indians that was instituted when the act was revised in 1951, and that produced the results which I attempted to describe to the house at the resolution stage of this bill.

Now, one purpose of this bill is to tidy up a few points that, in the course of administration, proved not to be quite as well drafted as perhaps it was thought they were when the act was passed in 1951. These are what I would call housekeeping amendments, and I do not really intend to say anything about them on the second reading. I will be quite prepared to explain any of them that do not explain themselves, and I think most of them do, when we get into the committee.

There are a number of clauses verifying Indian status, the two most important of which relate to children. There is some importance in them, and they do recognize a new principle and I think a good principle. It is unfortunately true that all too frequently Indian women have children before they are married. Some of these children are children whose paternity seems to be in a good deal of doubt. Up to now, the law has provided that an effort must be made to establish their paternity before they can be put on the rolls of the band. This has caused some hardship which I think has been unfortunate. I found at the meeting with the representatives of the Indians in December that there was not universal agreement, but that the overwhelming majority of the representatives felt that these children ought to be put on

the band lists and be subject to protest within a certain period. It seems to me that is a much more humane way to deal with the problem.

There is another section dealing with the children of Indian women who marry non-Indians. As the law stands at present, Indian women who marry non-Indians are immediately—I should not say immediately but as soon as the governor in council can get around to it—enfranchised and cease to have Indian status. It has been the custom, and it is indeed the law, to enfranchise compulsorily the minor children of Indian women who marry non-Indians. That is quite all right in most cases where the children go to live as non-Indians with the stepfather. It works no hardship and it is indeed probably the right thing in most cases to do that. But in some cases these children remain on the reserve with grandparents or other relatives and live as Indians. It is the intention in the future that the enfranchisement of these children will not be compulsory but will be optional, depending upon the circumstances.

At the resolution stage I dealt at some length with the revolving fund which is, of course, the only section of the bill which has any financial implications, and I see no need to repeat anything I said at that time.

There are certain other clauses in the bill which have economic but no financial effects. There are clauses for the facilitating of the leasing of Indian lands where the Indians want to lease them. There are clauses making it easier to use the capital of bands for housing, to permit the pledging of band credit for housing loans and to authorize borrowing by bands for band projects and housing.

Now, I found that there were a minority of the Indians, a quite substantial minority, particularly those who were engaged in farming in western Canada, who felt that it would be desirable to go quite a lot farther and give them exactly the same rights as other people to pledge their lands and their other possessions in order to get credit. I must say I had a good deal of sympathy for the point of view they expressed; but it was quite clear that the majority of the Indians at the conference were not in favour of doing that. They feared it meant that something was going to be taken away from them, and we came rather reluctantly to the conclusion that this was such a step that, although some of the Indians were ready for it, they would have to wait for another occasion.

I have not any doubt—although I wish it were not so—that the parts of this legislation which will be debated most, both in this chamber and outside, are those clauses relating to the proposed changes in the law with respect to intoxicating beverages, and perhaps I might explain very briefly, first, what the present situation is and then what is now proposed.

A really fundamental change was made when the act was amended in 1951 and when for the first time it was left to any provincial authority which wished to do it to take certain initiatives which would result in permitting Indians in that province to consume alcoholic beverages in public places, but no other aspect of the provincial liquor laws could be made to apply to Indians. Several of the provinces have taken advantage of that provision of the law: British Columbia, Nova Scotia, Ontario, the Yukon Territory, and, most recently of all, the province of Manitoba. In fact, I think it was only one day last week that the provision came into effect in Manitoba.

What we are proposing at this time in this legislation is to extend the law in two directions. We are providing for a provincial initiative which would make it possible for the Indians in a province to be brought under all the liquor laws of the province, but the initiative would have to be taken by the provincial government. There is this further proviso, that any band which by a majority of its membership decides not to come under the general law could establish a form of local option on the reserve.

Then, we are also proposing, because I have been advised that there are one or two provincial governments which take the view that they would not object to having this discrimination done away with, though they do not feel they ought to take the initiative, for the initiative to be taken by the band on a particular reserve. In that case we would carry out their wishes only if the provincial authorities, having been apprised of their views on this subject, did not object. We feel that, since the provincial authorities have the responsibility for the administration of the liquor laws in the province, we should not go the whole length of abolishing the present law and imposing an entirely new regime without some measure of provincial consent. I suppose there will be members of the house who will say we should have gone the whole hog and had complete non-discrimination and there will be others who will say—in fact some hon. members have said to me privately—that they object to our giving liquor to the Indians. On that point I want to say just a word.

There is no intention on the part of the government of giving any liquor to the

Indians or to anybody else. All this bill will do is to enable some Indians in some parts of Canada, after certain initiatives are taken, to buy liquor legally instead of doing as I am afraid is the fact, as I know—let us not pretend about this—far too many of them do now, that is buy it illegally.

There is another provision in the bill which I think I ought to refer to briefly and that is the section in regard to education. This section gives the minister the authority to require, rather than to permit, Indian children to go to school. I think this is something on which there would be unanimity in the house.

Really, sir, I would not have said anything else about this bill had not a point been raised at the resolution stage which I feel it is necessary for me to refer to. I refer to the fact that at four or five places in this bill the word "minister" is substituted for the words "governor in council". Because of that, an attempt was made by several members of the official opposition at the resolution stage to suggest, because evidently they had heard some rumours about what was likely to be in the bill, that this in some way was an attempt at self-glorification by the minister or an expansion of his powers, at whose expense I was not quite clear. Now, sir, I think it would take me 10 or 15 minutes to complete what I have to say and I am willing to go ahead if hon. members wish me to do so, or I am willing to move the adjournment of the debate.

Mr. Blackmore: We have had a long day. Take it up tomorrow.

Mr. Pickersgill: It will not be tomorrow; it will not be for at least 10 days.

Mr. Blackmore: We shall be here for two weeks.

Mr. Pickersgill: Shall I continue?

Mr. Fulton: I think it should be a continuous debate. When the minister has finished I rather feel there should be an immediate follow-up of the debate. Perhaps the minister would not mind adjourning the debate.

Mr. Pickersgill: I am quite prepared to adjourn the debate.

On motion of Mr. Pickersgill the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Harris: Mr. Speaker, tomorrow we shall take third reading of the bill we have just passed with respect to fiscal arrangements, and then interim supply and the estimates of defence production and northern affairs.

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

Question

ANSWER TO QUESTION

The following answer, deposited with the Clerk of the house, is printed in the official report of debates pursuant to standing order 39:

VETERANS PAYMENTS, NOVA SCOTIA

Question No. 554—**Mr. Balcom:**

What payments have been made to veterans in Nova Scotia during the last fiscal year ending March 31, 1956 in: (a) war veterans allowance; (b) war veterans assistance; (c) war veterans disability pensions?

Answer by: **Mr. Bennett, Parliamentary Assistant, for the Minister of Veterans Affairs:**

Halifax D.V.A. district (province of Nova Scotia), (a) $2,489,023.71; (b) $26,990.48; (c) $7,238,679.78.

HOUSE OF COMMONS

Wednesday, July 25, 1956

The house met at eleven o'clock.

STARRED QUESTIONS

PUBLIC SERVICE INSURANCE

Question No. 60—**Mr. Knowles:**

1. Are civil servants or other government employees who are entitled to life insurance or a death benefit under part II of the Public Service Superannuation Act provided with any card, certificate or other document to show that they are covered by such protection?

2. If not, will consideration be given to the issuing of such a card, certificate or other document so that such employees might have evidence of such protection?

Hon. W. E. Harris (Minister of Finance): A participant to the death benefit scheme does not receive evidence in the form of a card or document while he is still employed in the public service. However, should he on his termination of employment in the public service elect to continue his coverage, a document somewhat similar to an insurance policy is issued to him.

Consideration will be given to the issuance of some form of evidence to participants while they are actively employed in the public service.

OLD AGE SECURITY CHEQUES—DELIVERIES

Question No. 61—**Mr. Knowles:**

1. During the past 18 months, have there been any instances of old age security cheques being held in local post offices and not delivered to the addresses until a certain date?

2. If so, has this been done on the initiative of the local postmasters or on the basis of orders or instructions issued to them?

3. What persons issued any such orders or instructions?

4. By what authority were any such orders or instructions issued?

Hon. W. E. Harris (Minister of Finance):

1. Yes.

2. On the basis of instructions issued to them.

3. The chief treasury officer, Department of National Health and Welfare.

4. The regular delivery date for old age security cheques since the inception of the act in 1952 was determined to be the last mail delivery day in each month. Inasmuch as the volume of mail to be handled might cause some difficulty in the post offices, arrangements were made to deliver this mail to the post office prior to the release date for sortation purposes, with the understanding that delivery to recipients would be made only on the last mail delivery date in the month. This has recently been changed to be the last banking day in the month.

TRANS-CANADA PIPE LINES—ADVANCES BY CROWN CORPORATION

Question No. 62—**Mr. Hamilton (Notre Dame de Grace):**

1. What amounts have been advanced to Trans-Canada Pipe Lines Limited by the Northern Ontario Pipe Line Crown Corporation?

2. On what dates were such advances made?

Mr. Dickey, Parliamentary Assistant, for the Minister of Trade and Commerce: Mr. Speaker, the answer to the first part of the question is $6,775,000, which is the same amount as announced in the house several weeks ago by the Minister of Trade and Commerce. The answer to the second part of the question is June 18, 1956.

IMMIGRATION STATISTICS

Question No. 63—**Mr. Fulton:**

1. What is the total number of immigrants admitted to Canada during the first six months of 1956 (June figures preliminary)?

2. What is the total number admitted in the same period in (a) 1955; (b) 1954?

Hon. J. W. Pickersgill (Minister of Citizenship and Immigration): The answer to the first part of this question is 69,938. I might say that in so far as the June component of that figure is concerned it is an estimate, but we think it is pretty accurate. The figure for 1954 was 85,765 and for 1955 it was 58,417.

QUESTIONS PASSED AS ORDERS FOR RETURNS

BUTTER PURCHASERS, 1956

Question No. 533—**Mrs. Fairclough:**

1. Who were the purchasers of stocks of butter released by the agricultural prices support board in 1956?

2. What quantity was sold to each and at what price?

3. What were the terms of delivery?

P. F. R. A.—PRAIRIE PROVINCE PROJECTS, 1956

Question No. 537—**Mr. Castleden:**

1. What construction projects in excess of $5,000 are being undertaken under P.F.R.A. in each of the three prairie provinces for the 1956 construction season?

2. What is the location and estimated cost of each such project?

Inquiries of the Ministry

MOTIONS FOR PAPERS

PUBLIC WORKS CORRESPONDENCE

Motion No. 95—**Mr. Diefenbaker:**

For a copy of all correspondence which passed between the Department of Public Works and/or Defence Construction (1951) Limited, Central Mortgage and Housing Corporation, and builders' exchange, in Halifax, Winnipeg, Calgary and Vancouver, since the first day of June, 1956.

Motion agreed to.

PURCHASE OF FEDERAL PROPERTY, JOYCEVILLE, ONT.

Motion No. 96—**Mr. Stanton:**

For a copy of all letters, memoranda, telegrams and other documents exchanged during the past two years, between the Minister of Justice or any agent or person acting on behalf of the said department or on behalf of any other minister of the government, and any other person or corporation concerning acquisition of property at Joyceville for the purpose of extending the Kingston penitentiary.

Motion agreed to.

BUSINESS OF THE HOUSE

INQUIRY AS TO INTRODUCTION OF FURTHER LEGISLATION

On the orders of the day:

Mr. Howard C. Green (Vancouver-Quadra): Would the Prime Minister tell the house whether there is to be any more legislation introduced during the present session and, if so, the nature of that legislation and when it will probably be introduced?

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I understand that the Minister of Labour has a bill to amend the Unemployment Insurance Act which he has already mentioned in the house, and the Minister of Finance may also have another bill to be introduced.

Mr. Green: Is the Prime Minister able to tell us the nature of the other bill and when these two bills will be introduced?

Mr. St. Laurent (Quebec East): The bill concerning the Unemployment Insurance Act is on the agenda for consideration by the cabinet just as soon as we can arrange to have a meeting. We hoped to have one at two o'clock this afternoon but it was not possible; it had to be put over until ten o'clock tomorrow morning. Just as soon as the bill is approved by the cabinet it will be introduced.

Mr. Green: What about the other measure?

Mr. St. Laurent (Quebec East): I am not in a position to say anything about the other measure.

[Mr. Castleden.]

AGRICULTURE

DEVELOPMENT OF DISEASE RESISTANT SUNFLOWERS AND HIGH OIL CONTENT SOYA BEANS

On the orders of the day:

Mr. W. A. Pommer (Lisgar): I should like to address two questions to the parliamentary assistant to the Minister of Agriculture. 1. Is there any research being done by the federal Department of Agriculture in the development of disease resistant sunflowers particularly for the southern Manitoba area? 2. Are any new soya beans which have a high oil content being developed for this specific area?

Mr. Robert McCubbin (Parliamentary Assistant to the Minister of Agriculture): I wish to thank the hon. member for Lisgar for giving me notice of his intention to ask these questions. The answer to the first one is yes. There is an intensive program at Morden in breeding oil seed sunflowers for resistance to rust. We have already released the variety "Beacon" which has proven to be highly resistant to rust in the southern Manitoba area. Other diseases of sunflowers are being investigated and related to the breeding program.

With regard to question No. 2, we are carrying on a selection program with soya beans at Morden in which selection is based on yield, high oil content and disease resistance. All of the early maturing hybrid lines developed at Ottawa are being tested at the Morden farm and constitute the material from which Morden selections are being made. In addition, hybridization work was initiated at Morden in 1956.

LABOUR CONDITIONS

MOVEMENT OF WORKERS TO MORE POPULOUS AREAS

On the orders of the day:

Mr. Solon E. Low (Peace River): Mr. Speaker, I should like to ask a question of the Prime Minister, a copy of which I supplied to him just a few minutes ago after he came into the house. The C.B.C. reported this morning that the Minister of Citizenship and Immigration (Mr. Pickersgill) had induced this government to provide financial help to Newfoundland to move people into more populous areas. If the report is true, will the government also be prepared to help other provinces with similar problems, for example with respect to displaced coal miners in the provinces of Alberta and Nova Scotia?

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I understand that this is one of the usual arrangements made by the

Department of Labour to provide alternative employment in areas where labour is required from areas where it is not required, and that the Minister of Labour can further develop the answer.

Hon. Milton F. Gregg (Minister of Labour): Mr. Speaker, some time ago my colleague the Minister of Citizenship and Immigration (Mr. Pickersgill) brought to my attention the plight of families living in the small community of St. Brendan's, Newfoundland. From representations made it appeared that the prospects of their being able to maintain a livelihood in that community were extremely slim indeed. Consequently it seemed to me that it was worth the effort of having representatives of the Department of Labour and the national employment service jointly look into the situation. They were asked to do so and they have been doing so for some little time now.

That procedure is in general accord with activities that have taken place through the two agencies in other places in Canada during recent years. Sometimes the stress has been in the Department of Labour and assistance has been given in vocational training as in Westville, Nova Scotia and in my own constituency in Marysville, New Brunswick. Sometimes it has been the national employment service in co-operation with such a committee as Mr. Manning created in Alberta for moving families out from small coal mining towns to where they could get jobs elsewhere. In that case the provincial governments did not ask for financial assistance in moving but they did ask for and receive close co-operation and help in other phases of the move by our employees of the national employment service.

In this particular case I must say that I have not had the official report yet from my officials in Newfoundland but if it is as was outlined in this morning's broadcast, I will recommend favourable consideration on the matter.

Mr. Green: As a supplementary question, may I ask whether any legislation will be required in order to enable the government to implement this plan.

Mr. Gregg: No. There has been authority now for four years giving the Minister of Labour authority to investigate and survey what we have been accustomed to call in the past special "depressed areas" and, if the situation warranted it, to work out a plan with the provincial authorities and to recommend it to cabinet for the purpose of bringing relief to bear with respect to moving workers from that area.

Inquiries of the Ministry

PARLIAMENT HILL

PARKING ARRANGEMENTS IN LIBRARY AREA

On the orders of the day:

Mr. George H. Hees (Broadview): Mr. Speaker, I should like to direct a question to the Minister of Public Works. When does the government plan to make a proper parking area out of the at present disreputable looking area to the east of the parliamentary library? This is clearly open to view to all the tourists who are visiting parliament hill and is giving these tourists an extremely poor impression of the upkeep of this area.

Hon. Robert H. Winters (Minister of Public Works): The rearrangement of parking in that area is under consideration.

[*Later:*]

On the orders of the day:

Mr. Hees: In connection with the area of which I spoke this morning, and which has been in the same condition for many weeks —there has been plenty of time for making decisions—can the minister assure the house that this area will be made into a respectable looking area in the very near future?

Mr. Winters: I have been away for a few days and I returned to my office only this morning. I will take the matter into consideration at once.

HOUSING

CALGARY—EFFECT OF CREDIT RESTRICTIONS ON BUILDING OPERATIONS

On the orders of the day:

Hon. Robert H. Winters (Minister of Public Works): Mr. Speaker, while I am on my feet I should like to answer a question asked by the hon. member for Calgary North (Mr. Harkness) on Friday last. His question was as follows:

> Is the minister aware that yesterday Calgary's largest building company had to lay off a quarter of its labour force because of lack of mortgage funds, and other companies there are in the same position? Is the government now prepared to make any change in its policy in this regard in order to enable house building to go ahead?

The situation is that between January and June of this year there were more houses started and completed in Calgary than during the same period last year; and at the end of June this year there were 2,219 houses under construction, substantially more than at the same time last year. During the month of June itself 500 housing units were started in that city. I think if the hon. member will look fully into the situation he will find that the reduction in labour force has been due to factors other than the shortage of mortgage funds.

Inquiries of the Ministry

Mr. Harkness: May I ask a supplementary question? Does the minister know that the building companies in Calgary attribute the lay-offs entirely to the lack of mortgage funds?

Mr. Winters: No, I am not aware of that, but I am aware that that is not the situation.

Mr. Harkness: The builders are the people who should know, I would think.

[*Later:*]

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I would like to ask a supplementary question of the Minister of Public Works. Did he receive a complaint from the mayor of the city of Prince Albert within the last few days concerning the detrimental effect of his policy and what reply, if any, did he give to that?

Mr. Winters: As I said, I have been away for a week and I have received no complaint from the mayor of Prince Albert. It may have reached the office, but I have not seen it.

[*Later:*]

On the orders of the day:

Mr. Diefenbaker: I should like to direct a supplementary question to the Minister of Public Works. Is it not a fact that in the last few days he has received a number of complaints from across this country relative to the shortage of mortgage moneys and the unfairness of the new rate of interest? Did he not receive one from the mayor of the city of Prince Albert pointing out the detrimental effect of the shortage of mortgage moneys there and the fact that as a result many houses that had been started could not be completed?

Mr. Winters: Mr. Speaker, I just spent the better part of a week travelling in cities largely throughout western Canada and I did not receive a complaint of any kind.

Mr. Diefenbaker: You just do not believe them.

Mr. R. R. Knight (Saskatoon): Mr. Speaker, I would like to direct a question to the Minister of Public Works following up the question asked by the hon. member for Prince Albert. I am not entirely satisfied with the minister's reply that he is getting no complaints about this. Does the minister not remember that he did receive complaints from the mayor of my city of Saskatoon and the city council some time ago concerning which I talked to him personally? What answer did he give?

Mr. Winters: The question asked by the hon. member for Prince Albert was rather more specific than that; he asked if I received complaints within the last few days. The fact is that I have not received any complaints within the last few days.

VANCOUVER—REPORTED ACTION OF MINISTER RESPECTING LOW RENTAL HOMES

On the orders of the day:

Hon. Robert H. Winters (Minister of Public Works): The hon. member for Vancouver East, Mr. Speaker, asked if I had received a letter from Mr. George F. Edwards, president of the senior citizens' association of British Columbia, under date of July 10. I find there is no record of any such letter having been received, but I have seen a mimeographed copy of the letter which was apparently sent to other people as well. The letter dealt with the policy of housing senior citizens.

The situation is as I set out when presenting my estimates earlier this year. Our general policy, of course, recognizes the position of our senior citizens. In government-sponsored public housing projects for low income groups, the government feels it is fitting and proper that a proportion of the units should be available to senior citizens in the appropriate income groups, but I think it would be unwise to assign any public housing projects exclusively to any particular class of Canadians. What we aim at is a good cross-section of all classes, races and creeds that comprise Canadian citizenship.

On the other hand, where private enterprise takes the initiative under the terms of the National Housing Act, even where the housing project is built largely with government funds as in the case of limited dividend operations, the owner may house anybody he wishes so long as the tenants conform to the income requirements.

[*Later:*]

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I would like to direct a supplementary question to the Minister of Public Works in view of his answer to my previous question. If, as the minister says, non-profit organizations which are in receipt of assistance from provincial governments are by a low interest rate from the federal government able to construct houses wholly and solely for senior citizens on a low rental basis, why cannot the city of Vancouver have exactly the same right?

Mr. Winters: Well, if the city of Vancouver by some means can arrange to constitute a limited dividend company, then it will have the same right.

Mr. Winch: Mr. Speaker, I would like to ask a supplementary question of the Minister of Public Works. Would the minister—I am convinced he is interested in the matter—explain how the city of Vancouver has

authority to constitute itself a limited dividend company, and beyond that why should a city have to do it and be denied the rights given to a private corporation?

Mr. Winters: Mr. Speaker, the city cannot constitute itself a limited dividend company as such. The hon. member, I think, is as well aware of the provisions of the statute as anybody in this house. There are means by which limited dividend companies can be set up, as the hon. member well knows, and where they are set up, of course, they can have the benefit of the statute.

Mr. Winch: By a city council?

Mr. Winters: No.

Mr. Winch: This is an offer by the city of Vancouver on the land.

Mr. Winters: There are limited dividend companies in Vancouver which are receiving the 90 per cent loan, and which are housing senior citizens.

Mr. Winch: But not the city council; and why not?

BROCKVILLE—STATEMENT ON LANDSCAPING CONTRACT, CHURCHILL PARK PROJECT

On the orders of the day:

Mr. Maurice Bourget (Parliamentary Assistant to the Minister of Public Works): Mr. Speaker, on Friday last the hon. member for Leeds (Mr. Stanton) asked when the landscape contractor for the Churchill park federal-provincial housing project in Brockville would commence work, and when the job would be completed. The work has already commenced, and the contractor is at present proceeding with it. It is expected that the finished grading work will be completed by August 15, and the seeding will be completed by September 15 of this year.

INDUSTRY

MOTOR VEHICLES AND PARTS—INQUIRY AS TO EFFECT OF UNITED STATES IMPORTS

On the orders of the day:

Mr. Michael Starr (Ontario): I should like to direct a question to the Minister of Trade and Commerce. Can the minister advise whether the government has completed its inquiry into the matter of importation into Canada of motor vehicles and parts from the United States? If so, what action is the government prepared to take in respect of this matter?

Right Hon. C. D. Howe (Minister of Trade and Commerce): The matter has been investigated. The postcards which were received in considerable numbers referred to the fact that in 1950 we imported from the United States 3,154 vehicles and last year 27,392 passenger cars valued at $58,886,000. The two situations are hardly comparable, in that in 1950 we were exercising import control on a number of more or less luxury items which included automobiles, and therefore 1950 was an unusual year in that regard.

However, our imports of automobiles usually run as a proportion of the sales of automobiles in Canada, and the ratio runs between 5 per cent and 7 per cent. In 1951 we produced 282,714 units and imported 14,050 units, which was 5 per cent of the Canadian production. In 1952 we produced 283,534 units and imported 13,828 units or 5 per cent of Canadian production. In 1953 we produced 360,385 units and imported 23,501 units or 6½ per cent of Canadian production. In 1954 we produced 287,191 units and imported 17,954 units, or 6¼ per cent of Canadian production. In 1955, we produced 374,945 units and imported 27,392 units, or 7¼ per cent of Canadian production.

It has been the policy of Canadian automobile manufacturers to produce models that sell in large volume in Canada and to import those models where the volume does not warrant the cost of tooling. This applies particularly to the higher priced cars, which have been in increasing demand in Canada in recent years as a direct result of the high level of prosperity in this country. Our importation of parts increases with our increased production of motor cars in Canada. In other words, the importation of parts increases proportionately with the production of motor cars in Canada.

It seems obvious from our study that there is nothing abnormal in the present situation. The impact of the strike at General Motors was felt during that period. More cars than usual were imported, but aside from that the situation seems to be quite normal.

Mr. Coldwell: Do I understand that the minister's figures refer exclusively to the importation of United States cars and do not include the importation of other cars?

Mr. Howe (Port Arthur): No, the imports from abroad are on a declining scale, as against the peak years. There are certainly fewer foreign cars imported, that is cars from overseas, than was the case three or four years ago, and fewer than immediately after the war. However, the question referred particularly to imports from the United States.

Inquiries of the Ministry

CANCER

INQUIRY AS TO USE OF HOXSEY TREATMENT

On the orders of the day:

Mr. C. E. Johnston (Bow River): Mr. Speaker, I should like to direct a question to the Minister of National Health and Welfare or, in his absence, to his parliamentary assistant. On June 27 I asked a question regarding the use of Hoxsey cancer treatment, and at that time the minister said he would give me a report. I wonder whether the parliamentary assistant can tell us when the reply will be brought down.

Mr. F. G. Robertson (Parliamentary Assistant to the Minister of National Health and Welfare): I will look into this matter and try to get an answer for the hon. member.

STORMS

BRUCE COUNTY, ONT.—INQUIRY AS TO REQUEST BY PROVINCE FOR ASSISTANCE TO VICTIMS OF TORNADOES

On the orders of the day:

Mr. A. E. Robinson (Bruce): Mr. Speaker, I should like to direct a question to the Prime Minister. Has the federal government been asked by the province of Ontario for aid in assisting the victims of recent tornadoes in Bruce county?

Right Hon. L. S. St. Laurent (Prime Minister): Not to my knowledge, Mr. Speaker.

Mr. Robinson (Bruce): May I direct a supplementary question to the Prime Minister? Will the federal government look sympathetically on such a request if it is made?

Mr. St. Laurent (Quebec East): The federal government will look at every request that is made in the light of the general policies that have been established in that regard. Whenever there is a disaster that seems to surpass the capabilities of the locality where it occurs and the province requests assistance to come to the aid of those who suffer, the matter is very carefully considered.

Mr. Robinson (Bruce): I have one more question, Mr. Speaker. I should like to direct it to the hon. member for Grey-Bruce. Is the minister aware of the tornado damage done in Bruce county recently? If so, would he care to comment on how the victims of such tornadoes might obtain assistance?

Hon. W. E. Harris (Minister of Finance): I am aware of the fact that damage occurred in a small cyclone—I think that is the proper term—about three weeks ago.

Mr. Robinson (Bruce): Several cyclones.

[Mr. Howe (Port Arthur).]

Mr. Harris: I think the Prime Minister has outlined the procedure that might be taken.

Mr. Diefenbaker: You forgot to tell the Prime Minister.

NATIONAL DEFENCE

NIAGARA CAMP—INQUIRY AS TO QUALITY OF FOOD

On the orders of the day:

Mr. John B. Hamilton (York West): Mr. Speaker, I would like to direct a question to the Minister of National Defence. As a result of his investigation is the minister now in a position to give the house a report as to whether there has been any improvement in the quality of food being provided for the militia at Niagara camp?

Hon. R. O. Campney (Minister of National Defence): Mr. Speaker, not at the moment. I am having the matter investigated, but I have not received a report as yet.

OTTAWA—REQUEST THAT JET PLANES BE PREVENTED FROM FLYING OVER CITY

On the orders of the day:

Mr. E. G. McCullough (Moose Mountain): Mr. Speaker, I should like to direct a question to the Minister of National Defence. Has the minister received any complaints about low-flying jets over the city? I wonder if in view of the danger of these jets and the nuisance of the noise the minister would give consideration to preventing their flying over the immediate city area?

Hon. R. O. Campney (Minister of National Defence): Mr. Speaker, I have not personally received any complaints.

Mr. Knowles: Have you not heard them?

Mr. Campney: Yes, certainly I have heard them, but perhaps we will have to get used to modern flying.

NATIONAL REVENUE

LETHBRIDGE—AREA AND POPULATION SERVED BY LOCAL OFFICE

On the orders of the day:

Mr. J. H. Blackmore (Lethbridge): Mr. Speaker, before the orders of the day are called I desire to direct a question to the Minister of National Revenue, notice of which I sent him.

What area, geographically speaking, has been and is now being served by the Lethbridge local income tax office? I would also like to ask this question. What would be an approximate estimate of the population in that area served by the Lethbridge local income tax office?

Hon. J. J. McCann (Minister of National Revenue): Mr. Speaker, I am unable to answer these questions at the moment, as I have to obtain this information from the Lethbridge or Calgary offices. As soon as it is received I shall communicate it to the house.

TAXATION

MEASURE TO PROVIDE FOR AGREEMENTS WITH PROVINCES

Hon. W. E. Harris (Minister of Finance) moved the third reading of Bill No. 442, to authorize the Minister of Finance to make payments to the governments of the provinces and to authorize the government of Canada to enter into fiscal agreements with the governments of the provinces.

Mr. Solon E. Low (Peace River): Mr. Speaker, I move, seconded by the hon. member for Lethbridge (Mr. Blackmore):

That Bill No. 442 be not now read a third time, but that it be read a third time this day six months.

I do not move this motion with any desire to kill the bill nor with any desire to make it impossible for the government to complete legislation of this kind. There are some things within the bill with which we thoroughly agree. We think, for example, that inclusion of the equalization principle in the bill is good and necessary, particularly at this stage when there are provinces in Canada that are struggling to overcome their financial difficulties and trying to establish themselves in an expansion movement that will eventually help them to help themselves. We think that the equalization principle is sound and we are prepared to go along with it. We believe also that the principle of stabilization of revenues is good, and that is something we commend; we are not against that at all. We also believe that the increased refunds of tax collections to the provinces, provided by this bill, is something better than the provinces have had under the tax rental agreement.

I want you to note, Mr. Speaker, that I refer to the payments to the provinces as increased refunds of tax collections from the provinces. I like to look upon them as such. It is not a question of this government giving the provinces anything that does not belong to them. We have already made clear that in our view what the government of Canada is doing under these agreements is refunding tax collections from the provinces in a certain measure back to the provinces to help them to get along and to make it unnecessary for the provinces to impose double taxation with all the confusion that is bound to result from that sort of thing.

However, as I pointed out last night very briefly when I moved the amendment, the wording of the title and the wording of the bill itself at various places seem to indicate that the government of Canada feels that it is allowing the provinces something. I wanted to establish very definitely the principle that there is a partnership in this country and that what the government is doing is making available under a tax-sharing plan something that already belongs to the provinces but that it is being granted them under an agreement with which the provinces are ready to go along.

We look upon this bill as imposing a unilateral decision by this government on the provinces. That is our chief criticism of it. We feel it is unwise yet to go ahead with the bill before the provinces have considered the wording and have been able to convey to the government their feelings with regard to the whole bill. We look upon it as a denial of the partnership principle which is necessary if we are going to have a smooth-working federal democracy. The present bill and the present attitude of the government deny that partnership principle. The government's attitude seems to convey to the provinces the idea, "We are prepared to do something for you, to allow you this or allow you that, but you have to take it on our terms." I think that in principle that is wrong in every way.

We think there is still time to rectify the mistake that has been made in not submitting the bill to the provinces for their approval before it is enacted into law. That is the reason why we move the six months' hoist. We think the six months will give the Minister of Finance time to submit the bill to the provincial governments in conference, and he would still have time to have the bill made law before the end of the present fiscal year, when the old tax transfer agreements terminate.

We feel that the government and all the house should give careful consideration to this six months' period during which something further can be done to help the provinces to feel they are partners in this great Canada. I want to say that there seems to be very little noise made these days in defence of provincial rights. We want to defend those provincial rights. We do not want them to sell their birthright for a mess of pottage, and that is exactly what they do when they are dragged along with a unilateral proposal of this kind. So we feel very definitely that the government should make another effort, and I think they would be successful in carrying the provinces along with them if they would call a conference and try to satisfy the provinces that they

were doing all they could. If they would call such a conference and place this very bill before them, and if the provinces indicated they were satisfied with it, they would hear nothing more from me about it, but I warn you that the provinces are not going to feel happy under the circumstances and I plead with the government to take these things into consideration and seriously give thought to the six months' delay.

Mr. M. J. Coldwell (Rosetown-Biggar): Six months' delay means something more than a six months' hoist to the bill, and it seems to me that would be very unfortunate. The bill has received consideration in the house, although some of us would like to have seen modifications in the bill, and probably after second reading the bill might have been submitted to the provincial premiers for further consideration. But I would hesitate to vote against a bill which embodies a principle with which we are in complete agreement, namely, that there should be a division of certain revenues that were allotted to the provinces and to the dominion by the British North America Act.

However, let it be said that in imposing these taxes in this parliament we are exercising the constitutional right to do so. I did not go along with the idea that the provinces have a prior claim to these taxes.

Mr. Low: No, I think they have an equal claim.

Mr. Coldwell: I shall not argue the point as to equality, because after all there is not an equality between a province and this parliament. The British North America Act very clearly stipulated, or first of all stated, that there were three provinces which came into confederation. I think it is noteworthy that in the British North America Act those three provinces were made four provinces and it was stipulated that each province should have a legislature and that there should be one parliament for Canada. I have noticed with a good deal of misgiving that the legislatures of some of the provinces have been promoting themselves to parliaments of late and referring to the leading minister in those legislatures as the prime minister. To my mind that is completely wrong, and I think it is leading to a great deal of improper talk across Canada about the relation of the provinces and the dominion.

I could not support the six months' hoist which would kill the bill. I think the suggestion that there might be further conferences is a good suggestion, but let us be quite clear as to what the position is as between the provinces and this parliament. I readily admit that the provinces require more revenues, that the municipalities require more revenues, but the dominion, with the consent of the provinces, has assumed more and more obligations that were probably originally intended to be assumed by the provinces themselves. That is particularly true with regard to property and civil rights in the social security and other measures that we have adopted and I hope will continue to expand in this parliament. It seems to me that while negotiation between the provinces and the dominion is right and proper we should be very careful indeed that we do not accept the view that this parliament has not a right to make decisions of this sort.

Since the tax agreements expire on the 31st of March next and since in my opinion it is quite essential that we shall have something ready and the provinces shall know that we have got something ready and make their proper preparations accordingly, the six months' hoist, which would bring this matter into next January or February because we are at the end of July, would mean that neither the dominion nor the provinces would have sufficient time to make their plans. Consequently, while we would have liked to have seen further negotiations after the second reading of the bill we cannot support—I am sure I speak for those with me although I have not had time to consult them—something that would kill the bill and make it impossible to do the thing that is essential for the welfare of the country by the first of April of next year.

Hon. W. E. Harris (Minister of Finance): Mr. Speaker—

Mr. Speaker: If the minister speaks now he will close the debate.

Mr. Knowles: Will he? There is an amendment.

Mr. Fleming: He will be speaking on the amendment, not on the main motion.

Mr. Speaker: I am sorry. The hon. member is quite right.

Mr. Harris: Mr. Speaker, very briefly I think I should add a few words to what the leader of the C.C.F. party has said. I would be the first to agree that there may be defects in the legislation. Experience has shown that when you draw a bill and pass it through the house you may find at a later session that you want to amend it, and in so far as there may be a deficiency in what we have done or in so far as there may be an improvement that can be suggested to us we will be glad to bring it back by way of amendment at the next session of the house. However, on the main issue, namely, the question of a distribution of the taxing powers in the manner we have

indicated in the bill and in the income tax amendments, I must say that I would have to disagree with a lot that has been said in the course of the debate so far. I do not admit that this is a partnership.

Mr. Low: I know you do not.

Mr. Harris: Each jurisdiction can impose these taxes if it so desires. There is no limit on the authority in either case, and until recently almost anyone in the opposition who criticized the tax rental agreements did so on the ground that we were invading and in some way abridging provincial autonomy. In the course of the debate on the resolution the Leader of the Opposition (Mr. Drew) spoke for an hour and ten minutes. I listened carefully and I read his address as it appeared in *Hansard*. I found no reference whatever to the phrase "provincial autonomy." We seem to have laid that ghost in the course of passing this bill through the house.

In addition, the hon. member for Eglinton (Mr. Fleming) spoke for an hour the other day and I do not think he used the phrase "provincial autonomy" either. I used it once and until provincial rights were mentioned now I think that phrase was not used in the course of the discussion. So we now have before the house a bill which apparently alleviates or, shall I say, minimizes the complaints that have been made with respect to provincial autonomy, and the provinces have a choice now whether they will enter into a tax rental agreement much like the old one but with certain advantages added or whether they will choose to reassert their taxing powers as they have the right to do.

That will be the situation on the first of April next in those provinces that now have tax rental agreements. In the case of the province of Quebec, of course, they have already and are now imposing taxes in these fields. Therefore it would seem to me that it would be proper for the legislatures of the provinces to consider at their next sessions, if they so desire, what they ought to do with respect to tax rental agreements or the imposition of taxes again. I repeat, therefore, that I think it desirable that the bill should be passed at this session, but I also repeat my promise that if in the course of discussing the bill with the provinces, as we will undoubtedly have to do over the next several months, we find that improvements can be made we will certainly bring them before the house.

I only add that by next June we will have to make final settlement on the tax rental agreements and during all that time we will not only be negotiating with them with respect to those settlements but we will be discussing the question of the regulations and procedures to be adopted to carry out this legislation. Under those circumstances, if there is a deficiency I think we will find it.

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, in speaking on second reading of this bill on July 23 I sought to indicate the reasons why we of Her Majesty's loyal opposition feel that the bill does not do justice to the provinces nor to the municipalities of this country and why for those reasons we could not support the bill on second reading. At that time, sir, we urged a change of heart on the part of the dominion government and a recognition by it of the constitutional position of the provinces and the extremely onerous responsibilities that are cast today by the constitution upon the provincial and municipal governments of this country.

We said then that this whole question should be further reviewed and that there should be a new conference between the federal and provincial authorities if the federal government will show some change of heart and some adequate recognition of the constitutional position of the provinces and the needs and problems of the provincial and municipal governments. That is our position today. There ought to be a reopening of this whole question between the federal and provincial governments. No time should be lost in that regard, and out of that conference should come a very much better deal for the provinces and the municipalities.

It is true that the present measure does offer some improvement over the fiscal agreements that have been in effect during the past five years and which will expire on March 31 next, but the improvement is not nearly adequate and it does not afford sufficient reason for the provincial governments being tied up for the next five years, particularly at a period of tremendous national development of resources which throws such an abnormally heavy financial burden upon the provincial and municipal governments and which at the same time produces tremendous revenues for the federal treasury.

We have now reached almost the end of July. The present fiscal arrangements continue until March 31 next, eight months away. I think there is merit in the amendment that has been introduced by the hon. member for Peace River (Mr. Low). It does not deal with the bill finally but in effect it says to this government that we think that, in the next six months, they ought to carry out the plain duty that lies before them of taking this matter back in conference to the provincial premiers as spokesmen of the provincial governments and the municipal governments of this country; and that they should take it

back not in the arbitrary and rigid attitude which has characterized the approach of the federal government to this problem but rather with a view to arriving at a settlement and agreement in the spirit which the fathers of confederation exhibited when they met to overcome much greater difficulties than those which confront the federal and provincial governments today in approaching their common fiscal problems and relations.

For that reason, Mr. Speaker, I think the house ought to support the amendment which has been introduced. It affords an opportunity which, if it is used by the federal government as it ought to be used, could result—with a wholesome Canadian attitude on their part—in a very much more satisfactory disposition of the problem of common fields of taxation and very great fiscal responsibilities in a period of rapid development of the resources of this country. Within that six months' period we would hope that the government would come back to parliament with a very much better scheme than the one embodied in the present bill. As I sought to say in speaking on second reading two days ago, we would be happy to come back here to a fall session or to a session at any time in order to deal with a better measure, one that will afford adequate recognition of the constitutional position of the provinces and the heavy responsibilities which they and the municipalities bear.

Therefore, Mr. Speaker, we consider that we are making a proposal that is good for all of Canada and that is good for the provinces whose administration of the resources that lie within their boundaries is going to have so much to do with the health of the whole Canadian economy in the years to come. If they are not to be healthy provincial administrations in a sound fiscal position, I submit to this house that the development of our resources is going to be checked. The administration of these resources, by our constitution, is confided to the provincial governments. They must be strong fiscally if they are to carry out their constitutional responsibilities. If they are hampered or if they are placed in a strait-jacket in that regard over a period of these next five years, which may be a period of critical importance in the development of this country, the federal government and the federal treasury are going to suffer.

We therefore say, Mr. Speaker, that here is an opportunity now to use valuable time—for no time should be lost—to re-examine the problem, to bring together the provincial premiers, and for the federal government to exhibit to them a wholesome recognition of the constitutional position of the provinces and the responsibilities which, under that constitution, fall on the provincial and municipal governments. For this reason, Mr. Speaker, we propose to support the amendment introduced by the hon. member for Peace River.

Here are six precious months. Let this federal government use them to good advantage, to wholesome advantage, in the interests of the whole of Canada. If they do so, Mr. Speaker, I am sure this house will have the opportunity of giving approval to legislation that will represent a far more equitable distribution of the yield from common tax fields, a far more adequate recognition of the position that the provinces hold under our scheme of confederation; and that will not leave provinces and municipalities faced with colossal burdens and colossal expenditures far beyond their present capacity to meet, as is the situation today.

Mr. Diefenbaker: Mr. Speaker, I simply rise on a question of privilege. Last evening—and I am sure the Minister of Finance (Mr. Harris) made this statement without intending to leave a wrong impression—as reported at page 6399 of *Hansard*, after a suggestion had been made by the hon. member for Notre Dame de Grace (Mr. Hamilton) respecting the need for the creation of a department of dominion-provincial relations or something analogous thereto, the minister stated as follows:

> It is not a new proposition. It has been advanced at one time or another in the house by the hon. member for Prince Albert.

I suggest to the minister that in that statement he is mistaken, for at no time have I advocated the setting up of such a department. I presume the statement was inadvertently made by the minister.

Mr. Harris: On the question of privilege, Mr. Speaker, may I say that I am bound to accept the hon. member's correction. However, I am sure that, if I have time, I can turn up the reference to it in *Hansard*. I have heard it myself in the house.

Mr. Diefenbaker: No; the minister has never heard it because I have never spoken previously on this subject.

Mr. Harris: Oh, yes.

Mr. Diefenbaker: On dominion-provincial relations?

Mr. Harris: Yes.

Mr. Roland Michener (St. Paul's): Mr. Speaker, I wish to reinforce only one aspect of what has been well covered by the hon. member for Eglinton (Mr. Fleming). The minister himself recognized the possibility of

improvement with respect to the federal government's proposals to the provinces which are embodied in this bill and in which they are given their legal authority. Just this morning he recognized that possibility and he said that he would come back to parliament if that improvement were realized. We welcome that attitude. However, I suggest to the minister that unless he wishes to force his present views upon the provinces, he should not force this bill through at this time. Rather he should proceed with his negotiations until substantial agreement has been achieved.

I do not propose to review the discussion of the method of achieving agreement. It is not a short process but it surely can be accomplished if the government is prepared to grapple with the problem and to endeavour to convert these temporary agreements which come forward every five years for renewal as stop-gaps into some more permanent solution. That is where the government has been derelict, namely in not endeavouring to make a more permanent settlement which will command the substantial approval of the provinces. If we in this house were to give unanimous approval to the government's present proposals, what position would the provinces be in to secure any of those improvements which the minister recognizes as a possibility? They would be faced with a cut-and-dried plan which they must accept or reject. Their negotiating power would be weakened by the fact that all parties in this house had accepted the government's present proposals as being the ultimate when it is clear that we do not do so. The suggestion is that this bill be deferred. Perhaps six months is not the right time, and perhaps a shorter time would be better, but the suggestion that the government proceed with these negotiations before determining what the agreement will be strikes me as being a sound procedure. After all, that is the usual method of arriving at an agreement, making the agreement before drawing up the document and signing it. In this case we are drawing up and signing the document and then proceeding to negotiate again for an agreement.

Mr. Harold E. Winch (Vancouver East): I do not think any of us need to kid ourselves at all, Mr. Speaker. An amendment to move a six months' hoist is not a move to adjourn, it is a move to kill. I believe that is the meaning of that amendment.

Now, I cannot agree with the previous speaker that the passage of this bill means that all parties are in anywhere near complete agreement as to its text or as to the procedure of the government in the making of their proposals. I hope, sir, that I made it very clear when I spoke on second reading we are actually very disappointed in the provisions of this bill, and very disappointed in the fact that there has not been what we think is a sufficient recognition of the fiscal inabilities of the provinces and municipalities to meet the responsibilities of their governmental jurisdictions. But we do believe very much in the principle of there being an agreement between the federal and provincial authorities on these taxation fields.

Now, sir, all the provincial legislatures meet early in the spring of the year. If my knowledge is correct, the departments of finance of all provincial legislatures have to start on the work of their budgets not less than five months before their legislatures meet. If we, therefore, accept the basis of there just being a six months' hoist I say that we place the provincial governments in an impossible position in the drafting of their budgets for introduction at the session early next year. I believe that from a practical point of view we do have to accept the principle of dominion-provincial agreements at this time, whether we consider them satisfactory or unsatisfactory. It is a fact that if this bill passes, as I presume it will, the provincial governments are faced with the proposition that they can accept the bill in full; they can accept it in part or they can reject in entirety the propositions there set forth. So under the circumstances, Mr. Speaker, so far as I personally am concerned I agree with what has been said by my leader, that basically and from a practical point of view, even although we do not like what this bill contains, even although we think the government has not gone far enough, in basic principle we have to support the bill. We cannot, therefore, support the amendment which has just been moved.

I would like to say this. I would hope the Minister of Finance (Mr. Harris) would make some statement on the bill, in view of the criticisms that have been made and in view of the fact he must know that the provinces and municipalities cannot possibly for the next five year period finance their responsibilities through the amount of money that can be, by agreement on fiscal arrangements, granted to them. I would say that I go along with my friends on the right and my friends on the left in asking the minister to consider calling a further conference of the premiers of the provinces along with the representatives of the federal government, with a view to acceptance in part, in whole or rejection of Bill No. 442 and what it implies, and that the government by policy lay down additional assistance in those fields where the provinces

now are caught, such as conservation, development, education and primary highways. I am convinced that one statement from the Minister of Finance now that he is prepared to discuss these matters in this coming year would make possible almost a full acceptance of the bill which is now before us.

Mr. Fernand Girard (Lapointe): I feel, Mr. Speaker, that I have to rise now and explain that if we support the government on this bill it is not because we approve of what has just been said by the hon. member for Rosetown-Biggar (Mr. Coldwell) or even what has been said by the Minister of Finance (Mr. Harris).

(Translation):

Mr. Speaker, when a moment ago the hon. member for Rosetown-Biggar (Mr. Coldwell) stated that he did not agree that the provinces have an equal or prior claim to those tax fields, I felt he was going back in time to some ten years ago and restating a grave misconception.

I have the definite impression that the whole debate has centred on the matter of money, while basically this has not always been the main issue. If we approve the bill before the house, it is precisely because it gives, especially to the provinces, the freedom not to sign the agreements.

If it was merely a matter of money, that is 10 per cent of income tax, 50 per cent of succession duties and 9 per cent of corporation taxes, we could no doubt still speak about the poor provinces and of the fiscal agreements; it would be a matter of exchanging money for money, and each province could then accept the amount that would suit her best. But it is above all a matter of principle. While the hon. Minister of Finance (Mr. Harris) has said that no one seems to have dragged in the ghost of autonomy, we are of the opinion that the matter of provincial autonomy is at the root of the problem. Let no one believe that, because there are poor provinces, the matter involved is only one of money and that the provinces, especially Quebec, would be satisfied with that.

Mr. Speaker, if in this debate the matter of money seems to have been the only important one, we should not forget that as far as we, the independents, are concerned, we approve the present bill solely because it is a step in the right direction, and more particularly because it enables the province of Quebec, which has every reason in the world to keep on fighting, to refuse to sign the agreements because she believes, and will continue to believe, that the matter of provincial autonomy is the crux of the matter.

We approve this bill not on account of the amounts offered but because we are free not to sign the agreement and because we can refuse to subordinate provincial autonomy to the central government.

I would like to say that we do not approve the motion before the house—at least I don't —since we have no intention of killing the bill, which would be the net result if such motion were carried. As I said, we are supporting this imperfect legislation because it is a step in the right direction. However, that does not mean that we are satisfied, on the contrary; as long as the federal government does not recognize that the provinces have the right to full deduction of the income tax levied by provincial authorities, we surely cannot feel satisfied.

(Text):

Mr. J. A. MacLean (Queens): I have a few words I should like to say regarding this legislation, and I therefore intend to take this opportunity to do so. I rise only to speak to this amendment because, up to this point so far as I know, no voice has been raised from my province regarding this legislation. The conclusion might be erroneously drawn, therefore, that Prince Edward Island is satisfied with the agreement. We believe that there are two problems which this agreement tries to meet. One is a fair division of the tax resources of the country between the central government on the one hand and the provinces on the other. We feel that this legislation does not go far enough towards meeting the needs of the provinces. As a matter of fact, there seems to be reluctance on the part of the central government to admit that the provinces have any rights, or rights to the extent the provinces believe they have in any case. As a matter of fact some of the provinces believe the central government is trying to sell them a ride on their own horse.

When the colonies which now form Canada came together, the fathers of confederation believed a reasonable division of tax resources was made to meet the needs of the central government on the one hand and the provinces on the other. As I have already said, that is one of the purposes of this legislation, to bring that division up to date. There is another problem which this legislation should meet. It should try to remove the injustice which is the lot of some provinces as compared to others in that they have not been favoured to an equal extent by confederation.

We in the maritimes feel that we have contributed greatly to the success of confederation generally, and that we have not benefited in proportion over the years. The governments of the maritime provinces, and that of Prince Edward Island in particular, have striven to put forward their just claims in that regard and have met with varying success throughout the years.

On one occasion the then minister of finance said, and I quote from Sir Thomas White very briefly when he was minister of finance in 1912—I do not intend to take up much time of the house:

> I have become enthusiastic about it, and I say that Prince Edward Island from the date of union has been hardly treated, and I believe that her dwindling population is, to a very large extent, due to the fact that she has been deprived of the subsidies to which she was justly and reasonably entitled from the dominion since confederation. I hope to show to the satisfaction of the house that this grant is not only justified, but abundantly justified. I hope that a new era will dawn for the province of Prince Edward Island when it gets this enlarged subsidy.

Then, the leader of the opposition, Sir Wilfrid Laurier, had this to say:

> The one reason only which has impressed me—and it is not a constitutional reason, it is not a legal reason, it is simply a reason of equity—is the fact that Prince Edward Island has not profited by confederation.

As a result of these points of view the maritimes, and Prince Edward Island perhaps in particular, had these claims satisfied to some degree. Now I think the people of my province generally feel that a lot of these relative benefits which they gained through the struggle over the years have, for the most part, been wiped out by these new agreements and their position relatively is not now good. In referring to the table placed on *Hansard* by the Minister of Finance (Mr. Harris) on July 16, I note that the per cent increase over the 1952 formula in total is 21·3 per cent, whereas in the case of Prince Edward Island it is merely 1·6 per cent, the lowest of any province.

I believe the feeling of the people of my province was summed up by the premier of our province at one of these provincial conferences recently, the one on October 3, 1955. I think the people of my province support his point of view when he said:

> Although we favour the continuation of the principles underlying the existing financial agreements, we feel that under the present formula we are not receiving a fair or adequate share. Our submission will indicate the necessity of and the right to substantially increased federal assistance for the public services which the province has undertaken, and in many cases pursuant to policies promoted by the federal government, which we were obliged to adopt.

I therefore think, Mr. Speaker, that very serious consideration should be given by the federal government to changes in the proposed legislation at the first opportunity which would bring back to their previous focus the claims of the maritime provinces and of Prince Edward Island in particular. I support the amendment and the purpose for which it was moved, namely, that an opportunity might be given for further consideration between the federal government on the one hand and the provinces on the other.

Mr. Speaker: Is the house ready for the question?

Mr. J. H. Blackmore (Lethbridge): Mr. Speaker, let it be known first of all that the object of this group in moving the six months' hoist is not to kill the bill.

Some hon. Members: Oh, oh.

Mr. Blackmore: Please give me a chance to say so before you object. That is common sense, is it not?

As far as I can judge, it is quite possible for the minister to call a provincial conference as soon as this session is closed and, with the provinces, devise a bill which will be satisfactory to the provinces and then draft that bill and bring it into the House of Commons in the early days of the next session and have that bill passed before the time on which the other agreements expire. I think it is not beyond the possibility of this house to do that. I am sure hon. members would be quite ready to expedite the passage of such a bill.

The greatest anxiety that we feel as a group is that a precedent might be set, as I pointed out the other day, under which there will be a tendency to weaken provincial autonomy and consequently undermine the sanctity of the British North America Act. That was our whole reason in introducing the amendment last night. If the change had been made in the title of the bill which was envisaged by the hon. member for Peace River (Mr. Low) in his amendment, then there would have been written into the bill a specific guarantee of the sanctity of the British North America Act and we would have had no further objection whatsoever.

It has to be borne in mind, Mr. Speaker, that while we are dealing with provinces which are not populous at the present time, which number their populations in, say, 1½ million, provinces such as Alberta and British Columbia, we are dealing with infants just beginning to grow into giants. Those provinces in 50 years time may have

populations of 10 million and 15 million each. Now, measures we take in this house could easily abrogate the constitutional guarantees of freedom of action which those provinces in those days with their great populations would need in the most urgent way. Therefore, in every move we make today we are building for the future.

I know there is a great deal of pressure at the present time to centralize control everywhere, as I pointed out when I spoke on a previous occasion. But that pressure to centralize is Marxism; it is communist, pure and simple, and it is being made by the agents of communism, the originators of communism, whom I characterized the other day as Turko-Mongolian reds descendants of Esau.

There will be those who say, "I do not understand". Well, there was a time when I could not understand, but I understand now. They are not the kind of people our forefathers were. Our forefathers, as early as we can find a record of them at all, insisted on local self-government and they met in their villages and elsewhere and decided what they would do and in large measure they governed themselves in their villages. Going back to constitutional history in Great Britain, you will find that everywhere written.

Our concept is just exactly diametrically opposite to the Marxist concept. Marxists are working for the centralization of power in the world so their people who now constitute only a very few millions of the world's total population shall be able to dictate absolutely the conditions of life for all the billions of people in the world. That is the object of centralization.

I indicated the other day that Major C. H. Douglas said that the British North America Act and the constitution of Australia are the two most perfect constitutions in the world. Perfect for what? Marxism? No. Communism? No. Turko-Mongolian reds? Oh no, it is just poison to all of them; but for British people, Anglo-Saxon-Celts, it is a perfect constitution and we want to keep it so. It is our anxiety in this group, lest something be done here in this bill by this house which might endanger those of the future, that has led us to take the position we have taken and to move this amendment.

I hope it is perfectly clear there is no desire to kill the bill or to kill the principle.

An hon. Member: May I ask a question?

Mr. Blackmore: All right just a minute. I shall be glad to have your questions but let us have them in order, please, so the question will appear on *Hansard* just as it was asked, and my answer will be recorded in exactly the way it was spoken. That is the only way in which the record will be worth while. If anyone wants to ask a question let him indicate his desire and I will answer it. The matter we are discussing today is too important to appear as a garbled report such as the *Hansard* people, capable and efficient as they are, can only produce if they cannot hear the questions that are asked and the answers which I give.

Now let me proceed to point out once more that we are not opposed to the principle of sharing taxation at all but we are opposed to the principle of weakening in any way the British North America Act.

When I was speaking the other day I pointed out that beyond a shadow of a doubt in my opinion the establishment of the Bank of Canada was accomplished by these very people who were seeking to centralize power and to put in Canada an agency through which they could control the destiny of Canada from London, for example, or from Basel, Switzerland, a thing which is not necessary at all.

We can control our own money here in this country and we want to keep that control right where it is.

I have said that we approve of the idea of sharing taxation.

I want to speak directly to Ontario for a few minutes, if I might. We have nothing but sympathy for the people of Ontario and for the province of Ontario and its needs for revenue. We fully realize that as industrial development has taken place in Ontario the burdens of government have increased, and inevitably so, if for no other reason than because the water supply which is used by industry has to be guaranteed by the provinces and the water has to be cleansed after industry is finished with it. All of these things constitute a burden on Ontario, as the hon. member for Peace River (Mr. Low) pointed out when he was speaking, and there are many other ways in which he indicated that the burdens of the provinces of Ontario and Quebec, our great industrial provinces, are greatly enhanced by the development of industry.

In case a depression comes along, what will be the position of the provinces in which there is a great labour population to become unemployed? It is immediately obvious that those industrial provinces, if they have wise governments, are going to be taking precautions to provide for situations of that sort. Because of all these things, I speak with great sympathy for the people of Ontario and Quebec, the highly industrialized provinces

of this nation. I am thankful they are where they are. I rejoice in them; they are a blessing to Canada.

One of the main things we have in mind in Alberta however, is that we realize in the case of a big company manufacturing agricultural implements or automobiles for instance, much of the profit of the company is made out in Alberta, Saskatchewan or Manitoba. We ask, is there any reason why that portion of the money which is made in Alberta, Saskatchewan or Manitoba should not be drawn off by a wise taxation policy in Ottawa and returned to us in those provinces where the money was made? We see no reason why that should not be done. Beyond that, there certainly must be great caution not to draw away from Ontario or Quebec the means of supporting the conditions which must obtain in those provinces.

I wish now to say a word or two about the four maritime provinces. One reason we do not trust this government in the main, and the whole set-up today, is simply that they are making no provisions whatsoever for permanently establishing the four maritime provinces in such a way that they can get along by themselves.

It is not good for a province to be on relief. The people in the maritime provinces do not want to be on relief. The people there are as fine as any people in the Dominion of Canada and probably there are no finer people in the British commonwealth. They are capable, independent, proud and self-sustaining. It is a source of the utmost mortification to them to have to come to Ottawa for more and more handouts, more and more subsidies and subventions and all that sort of thing. It is repulsive to them. The people in the maritime provinces ought to be put in a position where that kind of thing is not necessary. Up to the present time there has not been one single move made on the part of any Liberal administration since 1935 to enable those provinces to support themselves.

I appreciate all that was said by the hon. member for Charlotte (Mr. Stuart) the other day. I rejoice that assistance has been sent down to those provinces, but let us see what it was that happened to those provinces when they came into confederation—New Brunswick, Nova Scotia and later Prince Edward Island.

In the first place they lost control of their financial affairs. Very, very soon the ownership of the banks in New Brunswick and Nova Scotia passed into the hands of companies whose head offices were located in Toronto or Montreal. This meant that the policy of those banks in those provinces was no longer subject to the control of the provinces of New Brunswick and Nova Scotia. That was one of the most serious things that occurred to them, just as it was with us out in Alberta. In Alberta in 1935, when the Social Credit government took over, do you know what we were paying for loans from banks? Eight per cent. The member for Peace River points out that even though the statutory rate was 7 per cent, those banks were charging 8 per cent. That 8 per cent was increasing the difficulty of the producers of every single commodity in the province of Alberta. It was a burden imposed upon us which we had no way under the sun of alleviating or removing.

Our railroad freight rates were imposed upon us. There is not a thing we can do about it except complain, and I should not be surprised if the day comes when we will tell the two central governments, "Keep your railways at home; we shall build our own, because we are simply not going to be saddled with the increasing freight rates which render it impossible for us to live." Once you get the people determined, they will get somewhere. We were, I repeat, under a set of freight rates which bled us white, both when the freight was coming out to us and when it was going back from us.

The same kind of condition exists in the maritimes, and there is nothing they can do about it. If they fail in a business way, we blame them, when as a matter of fact we ought to blame the policy of the government which allows the railways to prey on them as they do.

The maritimes moreover lost the power to determine what goods they were going to admit. Raw materials which they had been accustomed to getting from the United States and elsewhere they were prevented from bringing in, because the central government imposed a tariff against those goods. No matter how much those provinces needed those goods, they had to pay that tariff. The result was that many industries in the maritimes, I understand, were put in the position where they simply had to die. We cannot enable the maritimes to run their own affairs until we overcome that difficulty.

Furthermore, there were customary markets for which they had arranged with various other countries. Those markets were closed in large measure because of tariff policies and fiscal policies here in Ottawa.

What can we do to make up to the maritime provinces for these disadvantages that have been imposed upon them by being in the Canadian union? People will say, "I do not know what to do." "I do not know what to do" is just not good enough! It lies in the

power of the government here—the Department of Finance—to devise means whereby those disadvantages can be made up and whereby those provinces can produce their own goods and consume them.

Why should the people in the four maritime provinces have to pay the cost of a 1,000-mile haul in order to get goods from Ontario and Quebec and have that cost added to every single thing they buy? There is something seriously wrong there. They used to manufacture their own. I do not wish to go into too much detail regarding that matter but I should like to commend the member for Saint John-Albert (Mr. Bell) for the very fine speech he gave the other day, and several other of the maritime members who have given speeches demanding a fair deal for the maritimes. All honour to these boys. There have to be scores of boys like them coming here from the maritimes and fighting until some intelligence manages to seep into the minds of the people in Ottawa.

Mr. Philpott: You will notice that he did not vote against the bill.

Mr. Fleming: He explained the reason for that afterwards.

Mr. Blackmore: Just a silly cheapskate interjection, altogether unworthy of the member who made it. The important thing is that this man stood for some consideration for the maritimes.

The Social Crediters maintain that by a wise use of the financial instruments at the disposal of the Dominion of Canada it is possible for us to set up in the maritime provinces a banking system of their own and a financial system of their own under which they can get loans at a cost such as we in Alberta, after setting up the treasury branch system, were able to get for 5 per cent instead of 8. All we in Ottawa need is to have the will to do it.

Would Ontario and Quebec members rather do that and enable the maritimes to carry on themselves, or would they rather commit their successors or their children and the generations coming after them to a perpetual burden of sending subsidies to those people to enable them to keep themselves? Which would you rather do? Certainly common sense indicates that you would rather give them a financial system of their own under which they can operate effectively.

Similarly with the fiscal policy and trade policy, it is possible for the financial authorities here in Ottawa to enable the people in the maritime provinces to use what the Social Crediters call a compensated discount on the price of their goods, bringing the prices down so low that it will be impossible for goods from the United States or from Ontario or Quebec to compete with those goods, and thereby bringing the markets in the maritimes to the maritimes, which is exactly one of the fundamental rights of the people. People may say, "I cannot see how that is going to be done." The mere fact that the people now governing in Ottawa cannot see how it can be done indicates that they are unqualified for the positions they fill, because obviously it ought to be possible to render the maritimes capable of that.

I was in New Brunswick recently for some two weeks. I went all over that glorious province and kept my eyes and ears open. I was delighted with the perfect garden of Eden there was down there in New Brunswick. I was delighted over the fine soil there was and I was amazed, and still am somewhat confounded to think about it, that I drove along miles and miles of good New Brunswick roads and saw pastures, which would support the finest kind of cattle and the finest kind of animals and farming operations, raising what they call "cow pasture spruce" there. The mere fact that there exists in that province a set of circumstances under which the people cannot use their resources for the benefit of themselves, indicates that something is dreadfully wrong. The people did not know what it was that was wrong. They had ideas. I do not know whether the government that has just been elected down there knows; perhaps it does. If I talked with a Conservative down there, he said that this cow pasture spruce was growing there because of Liberal mismanagement. If I talked to a Liberal, he said he would explain it so that I would understand. But neither of them got around to doing that job so as to make the matter clear to me.

For this government right here, that situation poses a problem which is inescapable; if they are going to be worthy of the support of the Canadian people, something should be done. They told me in New Brunswick that they were shipping in milk in certain parts and shipping in cheese and butter, right in the presence of the finest pastures a man could put his eyes on. There is something seriously wrong there.

As I said a few minutes ago, I do not intend to go into too much detail except to say that there has been no indication on the part of the government at the present time in Ottawa that they even sense what is wrong down there or that they have any disposition to make it right fundamentally. It is one thing to give a person medicine to relieve pain from which he is suffering; it is another thing to cure the disease which is injuring him. It is the cure for the disease that is

injuring the maritime provinces that we must seek out and apply. That in large measure is a matter of finance.

I think I have said enough to show that we are perfectly justified in moving this amendment on third reading of the bill. It is high time that the people of the country realized that something is radically wrong and ought to be made right before we go forward with a bill of this sort.

Mr. Speaker: Is the house ready for the question?

Mr. Gordon Churchill (Winnipeg South Centre): Mr. Speaker, there is one point I should like to raise at this stage and it comes about from remarks made by the Minister of Finance (Mr. Harris) last night. In the course of our discussion the Minister of Finance placed on the record a statement which he did not subsequently withdraw. As found at page 6402 of *Hansard* he said:

> I have been listening all day to hon. gentlemen opposite, and particularly those of the Conservative party, and I have assumed that that question would be asked because every one of them has urged upon me an increase in federal taxes to take care of the provinces to a greater extent.

It was pointed out to him immediately that no one had asked for any such increase in taxes. He then shifted his ground and said that he would presume that we were speaking about the surplus. But in the middle of that half-hearted explanation he went on to say:

> In any event let me point out that I am delighted to note this change in viewpoint . . .

I think there would be a much more satisfactory conclusion to this debate if the Minister of Finance had withdrawn that completely erroneous statement that we were asking for an increase in taxes to take care of the position we have been pointing out all along affecting the provinces and the municipalities. We have been suggesting a better division of the revenue derived by the dominion government and a better consideration of the plight in which the municipalities and the provinces have been placed and from the total revenue collected we suggest that a better sharing might result, but we have never at any time suggested that to meet the demands or obligations of the municipalities and the provinces a tax increase was necessary at this time.

In fact, we have pointed out year after year that there has been a great deal of waste and extravagance on the part of the government and the surpluses that have been piled up from time to time might better be used to assist those areas of our country that are in difficulty. Consequently I wish to draw to the attention of the house this completely erroneous statement of the Minister of Finance which he has left on the record without correction.

The house divided on the amendment (Mr. Low) which was negatived on the following division:

YEAS

Messrs:

Aitken, Miss
Bell
Blackmore
Blair
Cardiff
Charlton
Churchill
Dinsdale
Dufresne
Fairclough, Mrs.
Fleming
Fulton
Green
Hahn
Hamilton (York West)
Harkness
Hodgson
Holowach
Howe (Wellington-Huron)
Johnston (Bow River)
Leboe
Lennard
Low
MacLean
McBain
McGregor
McLeod
Michener
Mitchell (London)
Monteith
Montgomery
Patterson
Rea
Robinson (Bruce)
Small
Smith (Battle River-Camrose)
Stanton
Starr
Thomas
Tustin
White (Hastings-Frontenac)
White (Middlesex East)
Yuill—43.

NAYS

Messrs:

Anderson
Applewhaite
Balcom
Barnett
Batten
Benidickson
Blanchette
Boisvert
Bourget
Bourque
Breton
Brisson
Brown (Essex West)
Bruneau
Bryce
Bryson
Cameron (High Park)
Campbell
Campney
Cannon
Carter
Cauchon
Cavers
Cloutier
Coldwell
Deschatelets
Deslieres
Dickey
Dumas
Dupuis
Enfield
Eudes
Eyre
Fairey
Fontaine
Forgie
Fraser (St. John's East)
Garland
Garson
Gauthier (Lake St. John)
Gauthier (Portneuf)
Gillis
Girard
Goode
Gour (Russell)
Gourd (Chapleau)
Gregg
Habel
Harris
Healy
Hellyer
Henderson
Herridge
Hollingworth
Hosking
Houck
Howe (Port Arthur)
Huffman
Hunter
James
Johnson (Kindersley)
Jones
Kirk (Antigonish-Guysborough)
Kirk (Shelburne-Yarmouth-Clare)
Knight
Knowles
Laflamme
Lafontaine
Langlois (Gaspe)
Lapointe
Leduc (Gatineau)
Leduc (Jacques Cartier-Lasalle)
Leduc (Verdun)
Lefrançois
Legare
Lesage
Lusby
MacNaught
McCann

McCubbin	Reinke
McCulloch (Pictou)	Richard (Ottawa East)
McCullough (Moose Mountain)	Richard (St. Maurice-Lafleche)
McIlraith	Roberge
McWilliam	Robertson
Maltais	Robichaud
Mang	Robinson (Simcoe East)
Marler	Ross
Masse	St. Laurent (Quebec East)
Menard	St. Laurent (Temiscouata)
Meunier	Schneider
Michaud	Shipley, Mrs.
Mitchell (Sudbury)	Sinclair
Monette	Smith (York North)
Murphy (Westmorland)	Stuart (Charlotte)
Nicholson	Studer
Philpott	Thatcher
Pickersgill	Thibault
Pinard	Viau
Pommer	Villeneuve
Poulin	Weaver
Power (St. John's West)	Weir
Prudham	Winch
Purdy	Zaplitny—129.
Ratelle	
Regier	

Mr. Speaker: I declare the amendment lost. Shall the main motion carry?

Mr. Lennard: One o'clock.

At one o'clock the house took recess.

AFTER RECESS

The house resumed at 2.30 p.m.

Mr. Speaker: Is the house ready for the question? Shall the main motion carry?

Mr. Fleming: On division.

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

SUPPLY

The house in committee of supply, Mr. Robinson (Simcoe East) in the chair.

INTERIM SUPPLY

Mr. Harris moved:

That a sum not exceeding $264,409,639.92 being one-twelfth of the total of the amounts of the items set forth in the main estimates for the fiscal year ending March 31, 1957, laid before the House of Commons at the present session of parliament; and a sum not exceeding $12,168,792.75 being one-twelfth of the total of the amounts of items set forth in the supplementary estimates for the fiscal year ending March 31, 1957, be granted to Her Majesty on account of the fiscal year ending March 31, 1957.

He said: This resolution, Mr. Chairman, asks for a grant of supply of one-twelfth of the amount of the main and supplementary estimates and in that connection I repeat assurances and undertakings I have given on similar occasions during this session.

[Mr. Churchill.]

Mr. Knowles: Before this resolution carries, Mr. Chairman, there is one matter upon which I should like to say a few words. It concerns both the Department of Transport and the Department of Labour. I did indicate to each of the ministers concerned, prior to eleven o'clock this morning, that I would be raising this matter. I note that the Minister of Transport is present and I hope the Minister of Labour will arrive within a minute or two. The question relates to the subject about which I queried the Minister of Transport yesterday. As I have already indicated, it seems to me that it is of concern both to him and to the Minister of Labour. That is one reason for my raising it at this time, when one can talk to two ministers at the same time. My other reason for raising this matter now is that in at least one of the instances of the grievance to which I shall refer something could be done about it if action were taken now because it relates to something that is scheduled to come into effect in a few weeks.

I refer to the fact that the Canadian National Railways seems to be following, far more often it seems to me than is good for labour relations, the practice of letting some of its work out by contract and as a result by-passing certain collective agreements. As hon. members will recall, a number of us complained about this practice last year and the year before with respect to contracts to the R. F. Welch company which had the effect of by-passing collective agreements between the Canadian National Railways and the brotherhood of maintenance of way employees. I understand that matter has been cleared up, in fact that it was cleared up earlier this year. I took the opportunity to indicate to the Minister of Transport that I was pleased that that had been done. It so happened that shortly after I learned that the matter had been cleared up I happened to see Mr. Donald Gordon in another connection and I indicated to him that those of us who had complained about the matter were pleased to know that the union was again being recognized so far as that kind of work was concerned.

However, I am now informed that there are a number of instances in which the Canadian National Railways is doing this same thing. I learned, for example, that at Midland, Ontario, just a few days ago nine carmen's helpers, whose work was covered by a collective agreement between the Canadian brotherhood of railway employees and other transport workers and the Canadian National Railways, lost their jobs because the Canadian National Railways let that work out by contract to a private firm. I understand that similar action has been taken at

Sarnia, Ontario. In both of those cases the work was of the nature of cleaning freight cars, installing car doors and so on. I understand that at Sarnia the rate of pay under the collective agreement was $1.23 and a fraction per hour, but that the employees who enjoyed that wage under a collective agreement are getting only $1 an hour from the private firm to which this work has been let out by contract.

I am told that at the new express building built recently in Toronto the cleaning work has been contracted out at rates below those provided for in collective agreements covering such work. I have other instances before me of various places in Ontario and Quebec where this has been done, and it does seem to me, Mr. Chairman, that the railway is doing in this instance precisely what was done previously with respect to the brotherhood of maintenance of way employees. I would hope that the railway, which apparently came to its senses in that other instance, will realize that this is a practice which is highly injurious to labour-management relations and should be brought to a halt right away.

Yesterday, in my question to the Minister of Transport, I asked him also if he would look into the situation that is developing in connection with the restaurant in the union station at Toronto. This is a place with which most of us probably are quite familiar. I would point out that for many years that restaurant has been operated by the Toronto Terminals Railway Company. According to my information, the Toronto Terminals Railway Company is incorporated under Canadian law and is owned jointly by the Canadian National Railways and the Canadian Pacific Railway Company. I find that amongst the directors of the Toronto Terminals Railway Company are such persons as Donald Gordon, N. R. Crump and others from the two railways. I find also that the officers include Donald Gordon, W. A. Mather, R. H. Tarr, and others connected with the two railways. In other words, it is quite clear that the Toronto Terminals Railway Company is a wholly owned subsidiary of the Canadian National and the Canadian Pacific, which is owned by them for the purpose of operating the union station and providing the services at that union station.

However, the employees in the restaurant at the union station in Toronto, whose working conditions have thus far been governed by a collective agreement between the Canadian brotherhood of railway employees and other transport workers and the Toronto Terminals Railway Company, have been notified that their employment will terminate on August 31. As a matter of fact, on June 20 the employees of the company working in the restaurant at the union station, Toronto, received this communication which I should like to read:

> I am directed to inform you that as from September 1, 1956, the restaurants and news stands in the union station will no longer be operated by this company.

The communication was from the Toronto Terminals Railway Company. I continue:

> In the circumstances, I am required to give you notice that your employment with the Toronto Terminals Railway Company will terminate not later than the close of business on August 31, 1956.
>
> It is regretted that at the present time there is no other work with the company which can be offered to you. If you wish it, however, your name will be listed as an applicant for such further suitable employment as might become available.

My information is that waitresses working at the union station in Toronto are receiving $1 an hour at the present time under a collective agreement between their union and the company. Those waitresses have been told that their jobs end on August 31 because of the contract that is being let. Those same waitresses, so I am informed, have been offered their old jobs back under the new management after August 31 at 60 cents an hour. This is the direct result of this policy of letting work out at contract, namely, that these employees will take a reduction from $1 to 60 cents an hour. Likewise, I am told that short-order cooks working there are receiving $1.37 an hour under the collective agreement, but they have been offered 70 cents an hour by the company that is to take over that work.

Now, the Minister of Transport indicated yesterday, when I asked him a question on the orders of the day, that the Toronto Terminals Railway Company is not a railway coming under the jurisdiction of the Department of Transport; but I point out, Mr. Chairman, that it is a company owned by the two major railways in this country, and I point out also that the labour relations of that company are under federal jurisdiction and that the contract referred to which provides the wages I have indicated is a contract under the provisions of the federal Industrial Relations and Disputes Investigation Act.

It seems to me, Mr. Chairman, that this is a pattern that is a serious one and that every effort should be made to prevent it being continued. Certainly, it is inimical to good labour-management relations to have a company like the Canadian National Railways, or any of its subsidiaries, entering into collective agreements with trade unions and then

undercutting, by-passing, nullifying those contracts by letting work out, as seems to be done in these cases.

As a matter of fact, I have in my hand a copy of an ILO news service release, which is dated April 16, 1956, press release 56/23, having to do with contract labour. This happens to relate to contract labour in the petroleum industry, but I draw attention to the fact that this news release points out that the international labour organization looks with disfavour on letting out work by contract and, as a result, getting around collective agreements. This news release calls for action by government to prevent employers getting around the rights of the union by letting out work on a contract basis. The document also indicates conditions that make possible sound relations and emphasizes the fact that collective agreements should be recognized and their spirit should not be broken, as is being done in this case.

I would point out that this release to which I have referred, while put out by the ILO news service, indicates that 15 countries took part in the session that discussed this matter. Remember that government, labour and management are all represented in the ILO. One of the 15 countries which took part in this discussion was Canada. I am sure that the Minister of Transport and the Minister of Labour agree with me that collective agreements should not be by-passed in this way, and toward that end I hope that either one or both of these ministers, the Minister of Transport and the Minister of Labour, will get in touch with the management of the Canadian National Railways and, if necessary, with the management of the Toronto Terminals Railway Company and see to it that as the matter was corrected, at least so I am informed, in the case of the brotherhood of maintenance of way employees, it will also be corrected in this case and that this practice will not be further extended.

Mr. Marler: Mr. Chairman, I would like to take one or two minutes to reply to the observations of the hon. member for Winnipeg North Centre. He was kind enough this morning privately to supplement the information which was contained in his question yesterday. Before I come to it I would like to say this with regard to the question he asked yesterday, which was as to whether I was aware that the Canadian National Railways is again letting out to private contractors some of its work normally covered by union agreements, and would I look into this practice of by-passing collective agreements. I want to say that I immediately communicated with the management of the railway and, on the information that I was able to give them by reading the question, they were quite unable to identify the situation to which the hon. member had referred yesterday. This morning the hon. member was good enough to mention specifically these cases which do not fall within the scope of the Welch contract to which he has referred and as to which there has been discussion in the select committee on railways and shipping owned and operated by the government.

I would like to tell the members of the committee, Mr. Chairman, that so far as the examples he has just mentioned are concerned, my consultation with the railway management has been very hasty in view of the short time that has been available, but with regard to the situation at Sarnia I would like to point out that the contract to which the hon. member for Winnipeg North Centre referred was entered into in May, 1955, not May of this year, and it was a contract entered into with an outside firm for the cleaning of the interior of box cars. There were six labourers and two helpers formerly employed by the railway who were affected by this change. In the case of Midland, the contract was entered into quite recently and, as the hon. member for Winnipeg North Centre said, it is of a similar character. This affected some 17 railway employees, consisting of 7 car helpers and 10 labourers. One of the seven car helpers had seniority rights from 1947 and another from 1952. These two have been placed in other railway employment. The others were new employees of the railway. I have not been able to get information about the situation in Limoilou, Quebec, but I take it the situation is somewhat similar there to that which exists at Sarnia and Midland. The management have taken some trouble in their communications with me to stress the fact that no complaints whatever have been received from the unions with regard to the arrangements at these points. I think, however, it has always been understood, though I have not read the collective labour agreement between the railway and its employees, that the company reserves the right to have work done on contract when it is demonstrated that this method is more efficient and less costly. Apparently, substantial economies have been effected at Sarnia over the past year. And, Mr. Chairman, I find it difficult, having regard to the obligations which rest upon the railway, to believe that it would be proper for me to intervene and to try to exert pressure on the management to do something that in their judgment ought not to be done. It seems to me we can only obtain the best management and operation of the Canadian National Railway system when management remains free to run the system to the best

advantage so as to procure the best results for the employees and for the public whom they intend to serve. I do not think it is in the interests, either of the employees or of the public, and therefore of the system itself, that they should be restricted to following the same pattern that they have always followed or that they should not be free, when the economics make it more desirable, to do by contract work that perhaps formerly was done by individual employees.

The hon. member referred to the situation in the station restaurant in Toronto. My recollection of the circumstances is the railway company decided that instead of running the restaurant themselves it would be run by a contractor, someone who tendered for the concession. I think the changes of employment are due exactly to the change in that operation.

I hope the hon. member for Winnipeg North Centre is not seeking to imply that the company should do everything in connection with the system itself and that under no circumstances should outside firms be asked to do by contract such operations as running restaurants and newsstands and so on. I do not think that is the hon. member's intention but I think the management should remain free to do what it considers to be good management of the system property.

There is just one final comment I would like to make. I do not know whether it was the intention of the hon. member to do so but there was an implication that the Canadian National Railways was trying to get around or by-pass the collective labour agreements. I do not believe the circumstances would justify that assertion. My experience with the management of the railway is that when it makes a contract it respects it faithfully and I am sure that is what has been done in this case.

Mr. Knowles: Mr. Chairman, I thank the minister for the interest he has taken in this matter as indicated by the fact that he has been in touch with the management of the Canadian National Railways. There are just one or two comments I would like to make.

I am sorry that the Minister of Labour was not able to be here when I made my earlier remarks but I am glad he is in the house now and perhaps he has been informed as to what I had to say.

It seems to me, Mr. Chairman, that the Minister of Labour cannot be unconcerned about the fact that the result of the changes we have been discussing has been that a large number of employees will receive a lower wage than they were getting before. I do not think the Minister of Labour can take without concern the suggestion of the Minister of Transport that the management of the Canadian National Railways should be left free to make its own arrangements and that the government should not intervene when the result is that certain people who were formerly making $1.37 an hour are reduced to 70 cents and others formerly making $1 an hour are reduced to 60 cents. The Minister of Labour must be concerned about good labour management relations but certainly this practice hardly comes under that category.

I feel, too, that the Minister of Transport should also be concerned about this matter from the standpoint of the efficient operation of the railway. The minister seems to think if the railway runs its operations more economically than under a previous arrangement that that is good management, but I suggest, Mr. Chairman, that if the employees of the railway get the fear that this kind of thing is going to be extended, if the dining car employees become afraid that what can be done to the restaurant employees in Toronto can also be done on the dining cars, it is not going to help much so far as the morale of the employees is concerned and it will affect the running of the railway.

Surely a very integral part of the operation of the railway, in addition to the balance sheets of receipts and expenditures, is the question of the morale of the employees. I strongly urge that this kind of thing is not good for the morale either of the employees whom it directly affects or those who are afraid they might be next on the list.

It has been suggested by the Minister of Transport that he should not be asked to intervene in connection with this matter. I feel very strongly that both he and the Minister of Labour should look into this matter and should make it clear to the C.N.R. that employee conditions are an integral and important part of the operation of the Canadian National Railways.

Mr. Gregg: Mr. Chairman, I regret that owing to another meeting I was not in the house when this discussion began but I think I know the gist of the discussion.

I can tell my hon. friend that as Minister of Labour I have not had direct representation from the employees with regard to the matter under discussion this afternoon. Not since the two parties agreed to work out their general agreements on the basis of conciliation board reports have I had any formal representations from the unions or the employees, and consequently I am not in a position to make any statement as to what should or should not be done concerning the matter in hand.

Mr. Knowles: Perhaps I might just point out to the minister, Mr. Chairman, that I stated in the first part of my remarks that I understood that the difficulty that existed so far as the Welch contract was concerned had been cleared up. What I was referring to this afternoon was another instance or several other instances so far as another union was concerned, namely the Canadian brotherhood of railway employees and other transport workers. I am sure that as the minister interested himself when representations were made by the other union, if representations come from this union he will give the matter his attention.

Motion agreed to.

Resolution reported and concurred in.

WAYS AND MEANS

INTERIM SUPPLY

Hon. W. E. Harris (Minister of Finance) moved that the house go into committee of ways and means.

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

Mr. Harris moved:

Resolved, that towards making good the supply granted to Her Majesty on account of certain expenses of the public service for the fiscal year ending March 31, 1957, the following sums be granted out of the consolidated revenue fund of Canada, namely:

1. The sum of $264,409,639.92, being one-twelfth of the total of the amounts of the items set forth in the main estimates for the fiscal year ending March 31, 1957; and
2. The sum of $12,168,792.75, being one-twelfth of the supplementary estimates for the fiscal year ending March 31, 1957;

as set forth in the resolution concurred in this day in the committee of supply.

Motion agreed to.

Resolution reported and concurred in.

Mr. Harris thereupon moved for leave to introduce Bill No. 444, for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1957.

Motion agreed to and bill read the first time.

Mr. Deputy Speaker: When shall the bill be read the second time? Now?

Mr. Knowles: By leave.

Mr. Harris moved the second reading of the bill.

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

[Mr. Gregg.]

Clauses 1 to 4 inclusive agreed to.

Preamble agreed to.

Title agreed to.

Bill reported.

Mr. Deputy Speaker: When shall the bill be read the third time? Now?

Mr. Knowles: By leave.

Mr. Harris moved the third reading of the bill.

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

SUPPLY

The house in committee of supply, Mr. Robinson (Simcoe East) in the chair.

DEPARTMENT OF DEFENCE PRODUCTION

85. Departmental administration and payments to Canadian Commercial Corporation and other corporate agencies for services provided in connection with defence purchasing and production, $6,145,727.

Mr. Monteith: On Friday, June 29, the minister made some remarks, as recorded on page 5520 of *Hansard*, concerning a gun contract with Sorel Industries Limited of Sorel, Quebec. I should like to read a few paragraphs of the remarks he made at that time in this connection, beginning at the third line on page 5520:

In this connection, I should like to refer briefly to the contracts for the three-inch 50 calibre anti-aircraft guns to which reference was made in the report of the Auditor General for the last fiscal year. These contracts were carried out by Sorel Industries Limited in its gun plant at Sorel, Quebec, on behalf of the United States and Canadian governments, and the difference of some $112,000 each in the cost to the two governments provides a good example of the heavy expense of re-establishing a facility to do this type of work.

Apart from minor extras for special equipment required by the Canadian navy, the difference in price was accounted for mainly by three items of expenditure which were considered to apply to Canadian account only, inasmuch as they related to the re-establishment of Canada's only facility for the production of heavy guns urgently required by the armed services at the outbreak of the Korean war. These were plant and staff house rehabilitation expenses totalling some $908,000, or $19,900 per gun; plant maintenance costs, covering partial compensation for the expense of retaining this highly specialized gun facility (which had little or no economic commercial use) during the period from 1945 to 1950, amounting to $35,074 per mount; and the pre-production and learning expenses amounting to $33,158 per gun. These figures represent general overhead costs of the first year's operations which could not properly be absorbed in the relatively small volume of production during that period, bearing in mind that the plant had to be re-activated and staffed from a virtual shutdown condition.

I should like to say a few words about these three items of expenditure to which

the minister referred. He had mentioned one, the staff house rehabilitation expenses, amounting to some $908,000. In the other two items he mentioned he gave figures as costs per gun. I should like to summarize those as the actual amount of dollars spent. The three items are: for pre-production and learning, $1,338,436; the cost of plant and staff house rehabilitation, $908,453; and portion of settlement with contractor to compensate for maintaining this highly specialized facility, $1,525,428. That comes to a total amount of $3,772,317.

I should like to refer to another item in connection with this contract. The actual profit, which was based on the 7 per cent figure, on the United States guns was $16,295 per mount and with 180 guns that amounts to $2,933,100. The Canadian profit per gun, owing to extra parts and so on, and as a consequence of the 7 per cent figure being somewhat higher, was $18,259. There were 46 guns under this contract, and that comes to a total of $839,914. Adding those two profit figures together, we come to a total, on the 7 per cent profit basis, of $3,773,014.

I should like to refer back for a minute to these three items which the minister mentioned as being peculiar to the Canadian guns. That figure is $3,772,317. It may be only coincidence, but it looks as though they are very similar amounts, and in the calculation here one would almost suspect that the contract might well have been considered on a 14 per cent basis, then cutting out half of it to put against the Canadian guns and splitting the other on a 7 per cent basis.

I mentioned these three items and I should like to say a few words about the third item particularly, the portion of settlement with the contractor to compensate for maintaining this highly specialized facility. That amounts to $1,525,428. Possibly we should go back and review briefly the history of plant as it existed at that moment.

In 1945 Sorel Industries Limited was relieved of any further armament orders relating to the second world war. The company was advised not to keep open in anticipation of further government orders for guns. Then came 1950 and Korea. Negotiations between the Department of Defence Production and Sorel Industries were reopened. Actual figures were agreed upon in March 1955, and a 7 per cent profit figure, which totalled $3,773,014, was determined, and also the total for these three items of $3,772,317.

Between 1945 and 1950, I should say, Sorel Industries operated as any other commercial corporation doing peacetime business without any hopes of further armament orders. They had been led not to expect any more.

I should like to review briefly the wording of this third portion of the expenditure of $3,772,317. The portion of settlement with the contractor to compensate for maintaining this highly specialized facility cannot mean to me anything other than compensation for loss of profits in the period 1945 to 1950. This sum of $1,525,428 was on this one contract only. The total amount paid to Sorel Industries Limited under this pretext was based on $80,000 per month for three years and came to a grand total of $2,880,000.

I feel that the company was paid sufficient mark-up on their contracts when they received a 7 per cent profit plus pre-production and learning expenses of $1,338,000-odd and the cost of plant and staff house rehabilitation amounting to $908,453. I cannot understand why they should be reimbursed for losses during the period from 1945 to 1950 when they had been told that they would be entirely on their own and not to expect any further government contracts. I have never heard of a similar contract where such a clause was inserted to cover a period such as this when the company was on its own operating as a private commercial business, and to me, sir, it appears to be an unjustified handout to the company of $2,880,000 of public money.

The Chairman: Shall the resolution carry?

Mr. Fleming: Has the minister nothing to say about the matter raised by the hon. member for Perth?

Mr. Howe (Port Arthur): The matter was discussed in a committee of the house of which I think my hon. friend was a member and I cannot believe that there was any fact that was not placed before that committee. Sorel Industries have the only heavy gun plant that we have in the country. It was closed down in 1945. Very valuable machinery was available there and when it was quite obvious that we would require guns for the Korean crisis we of course were anxious to make an arrangement with Sorel that the machinery would be kept intact for that purpose.

The owners of Sorel Industries took the view that as they had a plant that had to be kept closed between wars and opened during war they were entitled to a profit based on that situation. We took the view that perhaps they had some claim not for any profit between wars but to recover some of the dead loss which must be incurred in keeping a plant like that idle and keeping the machinery up as must be done if we are going to have the machinery when it is needed.

A settlement was made on the basis that we took, I think, one-half the loss that had been incurred in keeping the plant closed and we told them that as regards any work they would do in war they would get the same rate of profit that any other contractor would get regardless of the fact that the plant is only called upon in wartime. That was a decision made after a good deal of consultation. My officers made the recommendation and after examination I concurred. I think it was a reasonable settlement of the cost of maintaining a highly specialized plant for a purpose that is essential in war but has no place in peacetime. If there is any mistake involved I will take full responsibility for it. If there is good judgment I think I am entitled to the credit.

Mr. Monteith: There is one point I should like to stress. The plant had been told that in the period following the end of the 1945 hostilities there would be no further armament orders and as a consequence I would feel that they should be on their own responsibility entirely as to what happened in that peacetime period up until further contracts were going to be negotiated.

Mr. Howe (Port Arthur): It is a privately owned plant and we did not agree to buy anything in 1945. We said that we did not expect any further call for heavy equipment and that as far as we were concerned they could close the plant. Nevertheless, as owners of a private plant that had to be used in the Korean emergency I think you will agree they were under no compulsion to make guns for us at 7.2 per cent or whatever the percentage was of the rate of profit. The arrangement was made to work out something that would be fair and so that we would not have to make any different profit arrangement for the use of that plant. After all, I am accused by the opposition of wielding a big stick on industry. In fact we negotiate fairly with industry and I think we did so in this case.

Mr. Monteith: Following that one step further, I have nothing to say about the minister's wielding a big stick but I do have this to say. The minister indicates that when these contracts were entered into in 1950 the company did not have to make these guns at a 7 per cent profit figure. If they had been losing money, as is indicated, for the previous five years I would think they would be most happy to take a contract at a 7 per cent profit figure. Their straight profit figure aside from rehabilitation expenses and so on was $3,773,000 on this one contract only and there were many subsequent contracts.

Mr. Howe (Port Arthur): If my hon. friend had a plant worth $25 million by anyone's estimate and it was his plant and he could do what he liked with it I doubt very much if he would keep it idle for five years, stand the cost of maintaining a $25 million plant in idleness and then be willing to take a contract at 7·2 per cent. I think he would have said: "That highly specialized machinery is now valuable and I had better sell it and cash in on some of the value." After all, we must be practical about these things. This idea that somebody must be glad to do something depends on a little wider consideration than my hon. friend gives it.

Mr. Monteith: I do not agree with that. I think I am as practical minded as the minister. In fact, I think in some ways I am probably more so.

Mr. Howe (Port Arthur): In a small way.

Mr. Monteith: I am more money conscious and I would query, as I am doing, this $2,880,000 which has been given to Sorel Industries and which appears to me to be a handout for loss of profits from 1945 to 1950 when they had been told to close up and expect no more government orders.

Mr. Zaplitny: Perhaps it would help to clarify the matter to some extent if the minister would tell the committee whether this company received any capital assistance either before or after 1945 and, if so, in what amounts and on what terms.

Mr. Howe (Port Arthur): They did obtain some capital assistance in 1951 for some specialized machinery required for the manufacture of the 3 inch 50 calibre gun. The capital assistance took the form of machinery that was purchased by the government, installed in the plant and remained the property of the government. It was no handout to the company. It was simply installing certain specialized machines there that were required to carry out the contract.

Mr. Zaplitny: Perhaps the minister could supplement his answer by giving us the figures as to the amount of capital assistance given and on what terms. He states that machinery was supplied and that it is still the property of the government. In the meantime the company has had the use of the machinery and it was instrumental in providing the profit to which my hon. friend refers. What consideration has the government received in return for supplying the machinery? Obviously if it has been used by the company since 1951 the government is certainly entitled to some consideration for having supplied the

machinery. I should like to know in what amount and on what terms this machinery was supplied.

Mr. Howe (Port Arthur): Machinery to the value of about $6·5 million was installed. I may say that is in addition to about $20 million odd of machinery that was in the plant prior to that time.

Mr. Zaplitny: Was that all done in 1951?

Mr. Howe (Port Arthur): 1951 and thereafter.

Mr. Zaplitny: The other part of my question was, on what basis was the $6·5 million of machinery supplied and on what terms? Was that simply a form of subsidy on the part of the government to the company or was there some consideration so far as the government is concerned? Is the company under any obligation so far as the $6·5 million is concerned or can that be considered a subsidy to that company?

Mr. Howe (Port Arthur): No. It is not a subsidy at all. The government bought that machinery and it was installed in the plant. It is the property of the federal government. Whether any of it has been taken out as yet, I cannot say; but it will be taken out and probably installed in the arsenal at some time or other when we decide that we are not likely to need this machinery any more at Sorel. It is painted a different colour than the other machinery. It is listed in the government inventory and it belongs to the government.

Mr. Zaplitny: On the basis of that answer, there seems to be something still missing. The company has had the use of this machinery now for five years. It was installed in 1951.

Mr. Howe (Port Arthur): Exclusively on government work.

Mr. Zaplitny: Yes.

Mr. Howe (Port Arthur): The company is not allowed to use it on any private work.

Mr. Zaplitny: That is understood; but on government work for which they were paid a profit of approximately 17·2 per cent. On the basis of ordinary depreciation, if the government were to claim that machinery now, it would be worth approximately $2 million. What does the government get out of the companies having the use of their machinery for five years? Do they get no consideration at all? It is not enough to say that they were working on government contracts. They were working on contracts for which they were paid a profit, and I would say it was a very adequate profit at that. Does that mean that the government puts this machinery into a privately owned plant for five years where it depreciates, or is used for that period? The fact that the government owns it at the end of the five years does not mean much, because it will be practically worthless as time goes on. Does that mean that the amount of depreciation on that machinery over a five year period is a direct subsidy to the company? I can see it from no other point of view.

Mr. Howe (Port Arthur): Considering the fact that all the work being done was work for which the department was paying, it was rather a subsidy to the government. It would have been an additional cost had the machinery been installed by the company. The depreciation would have been paid that way and the contractor's profit would have been that much greater. At least the depreciation allowance would have entered into the calculation of profits, as depreciation is an item we must allow as a cost. We followed the usual practice in work of this kind. The United States government are quite happy about the arrangements which were made there. They paid, of course, for most of the work in Sorel. They had the larger part of the production. The arrangement was one that seemed to them to be a reasonable arrangement, and, as far as I know, no one is complaining except my hon. friend. It seems to me that when this is threshed out in the committee and the evidence is given there—I was not present but everyone else was—if committees are going to be used to collect evidence to use against the minister in the house, I do not think committees serve a very useful purpose in this house.

Mr. Diefenbaker: I think that is why it would be useful. That is an argument for having the committees.

Mr. Fleming: That would be an argument for having the committees.

Mr. Zaplitny: I think that is a most unfair statement and in my opinion a most unparliamentary one. Certainly if a committee is set up in order to obtain information, and if the information indicates that either the minister or the government used poor judgment in connection with these contracts, the members of that committee or any other member of the house should not feel at all backward about using the information.

Mr. Howe (Port Arthur): If the committee comes to the conclusion that there is something wrong or that there has been waste, surely it is the duty of the committee to make a finding of that kind and report it to

the house. Then we will all be on even terms. But for individual members of the committee to go in there to pick up special facts and information that I cannot get without a good deal of study, and throw bits of information at me and expect me to know the answers, is a procedure which I think is a little bit unreasonable if they are used for that purpose. Why did not the hon. member raise the point in the committee and ask the committee to make a finding in this case?

Mr. Monteith: I should like to say that this information I had presented has come from the committee and it has come from the minister's deputy. We asked questions and we received answers. I am convinced that the information that I have presented is correct, as represented by those answers.

Mr. Howe (Port Arthur): That may be so. But if there was something wrong, why did my hon. friend not move that the committee find that there was waste of government funds and move that a report be presented to that effect? Did my hon. friend move that in committee?

Mr. Monteith: I would suggest that the committee tell the chairman of the committee to call a meeting of the committee and report.

Mr. Harkness: The minister seems to have a most peculiar idea of the functions of a committee. He seems to think it should be for the purpose of white-washing the minister and the government and that, if it does not do so, it has been a failure as a committee.

Mr. Howe (Port Arthur): No; quite the reverse. If the committee finds that there is something wrong, it is the duty of the committee so to report to the house.

Mr. Harkness: The committee so far has had no opportunity to report. We have not had a meeting since the meeting we had in connection with this gun contract, as a matter of fact.

Mr. Dickey: There have been no requests for a meeting of the committee from you or from anybody else.

Mr. Harkness: To come back to this same matter, the minister says that we must be practical about these things. I agree that we must be practical. But in this particular case it seems to me we have an example of being impractical and improvident as far as the government is concerned. It is a very peculiar situation, I think, when you have a plant which the government told Sorel Industries that they should turn over to some civilian use or not keep in operation as a gun plant in 1945. As a matter of fact, that was the evidence we had in the committee. The evidence also was to the effect, or at least there was an intimation, that Sorel Industries attempted to put some sort of civilian enterprise into it but failed to do so. Then in 1950, when there just happens to be some opportunity to manufacture guns, the government then goes to this plant and agrees to pay it a total of $2,880,000 to cover the costs of that business or of that plant standing idle for several years. The thing is just a ridiculous situation. As far as I can see, the government or the taxpayer had no responsibility whatever to reimburse Sorel Industries for whatever loss they may have experienced through having that plant sitting there and maintaining it for five years. Undoubtedly Sorel Industries made plenty of profit out of the plant during the war to begin with. I do not know who built the plant. Probably the government advanced the money or a good part of it for the building of that plant to start with.

Mr. Howe (Port Arthur): That is not true. The plant was built as a privately owned plant.

Mr. Harkness: Yes, but did they not get capital assistance and so on?

Mr. Howe (Port Arthur): Later on they did.

Mr. Harkness: Yes.

Mr. Howe (Port Arthur): But in the end they bought from the government all the assets that the government had there and paid for them in cash.

Mr. Harkness: In any event you have a plant there which had got capital assistance with respect to the building of it in the first instance; and they made sufficient profit out of what they manufactured in it during the war to pay for it. Then five years later the taxpayer of this country is called upon to pay $2,880,000 to this company because the plant has been sitting there for five years after they had been told not to keep it sitting there as far as expecting any future contracts is concerned. The thing is just a ridiculous situation. As I say, I think it is an extremely improvident deal as far as the Canadian taxpayer is concerned.

In addition to that, this company got assistance of $908,000 for the cost of rehabilitating shops and staff houses and it got an amount of $1,338,000 approximately for the cost of making ready to resume production after this long shut-down, including cost of recruiting this labour, training this labour and so on. Therefore, all told, that company is being paid in cash over $5 million in order to make these guns. Now they are in a position that they are making certain other guns, I believe they are 105 millimeter guns.

But over $5 million in cash was being paid. In addition to that, as was indicated by the answers given to the hon. member for Dawson, the government has a great deal of machinery, upwards of $2 million worth, in there which they are making use of. In other words, the company has had extremely large grants and assistance from the dominion government.

In addition to that, they are given seven per cent profit on what they produced in that time. As a result of this information that we were given, it is very easy to see why the Canadian naval guns which were secured from them cost $112,000 each more than did the guns which went to the United States. Naturally the United States government would not put up money for payments of that kind because it is so unreasonable. I imagine that the United States government would never agree to making a share of these payments aggregating all told, as I say, over $3,770,000 on this one particular contract, plus another $1,300,000 so far as future contracts are concerned, and at the same time making loans on machinery.

In addition to these particular payments to cover the cost of the plant sitting idle from 1940 to 1945, I should like to know something more about this business of the cost of rehabilitating the shops and staff houses, including considerable plant machinery. When we were considering this matter in committee I asked how much of that was for rehabilitating these staff houses. I was told it was something in excess of $200,000. I said at that time, and I will say again, that it seems to me there is absolutely no justification for the taxpayers' money being used to rehabilitate or repair certain staff houses which are used by employees hired by this company. Questions were asked as to how much rent they paid for these houses or whether they paid any rent for them. It developed that they were sort of single men's dwelling places more than anything else; in other words, something in the nature of barracks.

We find that what these people paid for these staff houses was as follows: In 1951—this is for room and board—they paid $16 per week; 1952, $17; 1953, $16; 1954, $18. In other words, this $200,000 was given as a further subsidy to this company which enabled them to house their employees at much less cost than would have been the case if they had had to compete with other people building housing at commercial rates. In connection with this housing, I should like to ask the minister who built those houses in the first place? When were they built and who paid for them? I should like to know, in other words, whether the government paid for those houses to begin with?

Mr. Cannon: Before the minister answers I think I ought to set the record straight concerning some of the remarks the hon. member for Calgary North has just made. In my capacity as chairman of the public accounts committee I think I should point out to the house that when my hon. friend said he was surprised at the difference of $112,000 in the case of the United States guns—

Mr. Harkness: I did not say I was surprised.

Mr. Cannon: You said you did not like it.

Mr. Harkness: I do not like it, but I am not surprised.

Mr. Cannon: In any case, you certainly criticized it, and gave the impression that it had not been explained. I think the house should know that the difference in cost between these guns was analysed, was placed before the committee and was examined in detail by the committee. I think we are entitled to take it for granted that the committee was satisfied, because the draft report of the committee has been submitted to the steering committee of the public accounts committee, and has been approved by the steering committee of which the hon. member for Calgary North is a member; and the report does not blame the government in any way for any of the matters that were looked into and that came to light in connection with this contract for the guns.

It was also said that we have not had a meeting of the committee lately. As I said before, we had a meeting of the steering committee the day before yesterday and a meeting of the committtee is called for tomorrow to have the whole committee approve a report that has already been approved by the steering committee. I felt it was necessary to put these facts on the record.

Mr. Howe (Port Arthur): Thank you, Mr. Chairman. I suspected that, but I did not know it.

Mr. Harkness: In reply to that I should like to say that we asked to have this particular gun contract investigated by the public accounts committee not very long after the committee had started to sit, I think at about the second or third meeting, as the result of one of the paragraphs in the Auditor General's report. This was some months ago. Eventually, after a long delay during which there had not been any meetings of the public accounts committee and after I got in contact with the chairman of the committee, we finally had a meeting on July 5, at which we had evidence in connection with this particular contract. The presumption was, when we left that meeting,

that we were going to have a further meeting, which has never been held. As a matter of fact—

Mr. Dickey: It was never asked for.

Mr. Harkness: It was asked for at that time. We went away with the presumption we were going to have a further meeting. In any event, certain questions which were—

Mr. Cannon: Will the hon. member permit a question?

Mr. Harkness: —asked have never been answered.

Mr. Cannon: Will you show me in the record of the committee where you asked for another meeting? You never did ask for another meeting. While I am putting the record straight, may I say that when you or any other member of the committee asked for a meeting it was always granted.

The Deputy Chairman: Order. I am afraid that perhaps through my own fault we are getting this committee into a situation which should not be allowed. The subject which was brought up for discussion by the hon. member for Perth, of course, is a legitimate subject for discussion under defence production estimates. The Department of Defence Production estimates were not referred to a committee; therefore the fact that a discussion took place in the public accounts committee does not in any way prevent this committee now from discussing it.

The agenda committee of the public accounts committee has not submitted its report, and a discussion of its proceedings at this time is definitely out of order. I think it is obvious that I permitted the hon. member for Iles-de-la-Madeleine and the hon. member for Calgary North to go further than I should. We are now in the process of discussing not the estimates of the Department of Defence Production, but the conduct of the committee on public accounts. I hope the statements made by the hon. member for Iles-de-la-Madeleine and the hon. member for Calgary North have been made and replied to by each of them to such an extent that we may consider the matter closed.

I am not ruling out of order any discussion about a particular gun contract which was let by defence production, but I am going to ask hon. members not to discuss the conduct of the committee on public accounts or its agenda committee until such time as it makes its report, which I believe is not very far off.

Mr. Harkness: I should like, if I may, to say that at the very end of this day's proceedings to which the chairman of the public accounts committee, the hon. member for Iles-de-la-Madeleine, referred, and after we had left these questions which you yourself will remember had not been answered, the chairman said:

> We shall adjourn to the call of the chair. It remains for me to thank Mr. Golden and his officials who have been called to give us this information.
>
> Now, I will get the required information from the department concerned, namely—

And so on. I believe the only thing anyone could take from that was that there was a further meeting of the committee to be held in order to receive those answers and get this further information.

Mr. Dickey: That is simply the normal procedure for the chairman of any committee.

Mr. Cannon: Not that another meeting would be held to get further information, but that another meeting would be held to draft our report and finish it.

Mr. Harkness: I think no one could take any other meaning from it than the one I took, that we would have a further meeting.

Mr. Dickey: You are the only one who did.

Mr. Harkness: I wonder if the minister could answer those questions?

Mr. Howe (Port Arthur): I do not know; I do not remember. These staff houses go back to 1940, and I do not know who paid for them then. I think probably they were built by the owners of the plant, which at that time was Sorel Industries Limited. We did not contribute any capital assistance, I think, until well into the end of 1940. But that is going back a long time and I would have to search the records. My hon. friend would not expect me to remember that.

The fact of the matter is that this plant built for the government over $100 million worth of guns. They were paid for the work, as an over-all profit, 7·2 per cent. If you add in the costs that have been given here the profit was 10 per cent. If anyone can find any guns in the United States or in England that can be built for a profit less than the over-all cost plus 10 per cent, I would be very interested.

Mr. Harkness: The profit would have been 14 per cent if you added in these other items.

Mr. Howe (Port Arthur): Well, what are they? What do the other items amount to?

Mr. Harkness: On this particular contract the other items amount to $3,772,316?

Mr. Howe (Port Arthur): Yes.

Mr. Harkness: Then there is this further amount of $1,300,000 odd which they have been given in addition?

Mr. Howe (Port Arthur): That was cost; it was not profit.

Mr. Harkness: These were not costs. This was the amount which was paid to them just because they had the plant sitting there for the five years from 1945 to 1950 to begin with, and it is the cost of rehabilitating those staff houses and other things along that line, which I can see no justification for the Canadian taxpayer paying. It was the cost, as it is outlined here, of making ready to resume production. Therefore in the three items the total is $3,772,000 odd. If you add that to the 7·2 per cent profit they were given it brings it up to a profit of more than 14 per cent.

Mr. Howe (Port Arthur): The cost of preparing a plant for production is preproduction cost; it is not a profit. It is paying for the cost of assembling and training the men. How you can figure that to be a profit I am sure I do not know. My hon. friend is used to army life and I am used to production, but I never heard of production costs of that kind described as profit.

Mr. Diefenbaker: It sounds like gravy.

Mr. Harkness: As far as that particular item is concerned, or part of it, you cannot consider it as profit; but I think there is no doubt at all that this $1,500,000 odd is just an extra profit and, as a matter of fact, I think that was brought out in evidence before the committee.

Mr. Dickey: Not at all.

Mr. Harkness: Really what it came down to was an extra profit. Similarly, this amount which was given for rehabilitating staff houses cannot be looked upon as anything else but an extra profit. It is just a way of concealing profits, as far as I can see.

Mr. Howe (Port Arthur): Who got the profit?

Mr. Harkness: So far as all these items are concerned—

Mr. Howe (Port Arthur): Who got the profit in rehabilitating the staff houses?

Mr. Harkness: Sorel Industries got it, of course. Who else got it? The money was paid over to them. If it had not been paid by the taxpayer they would have had to pay it themselves. As far as this $1,500,000 is concerned that they were given, they were given it just because they had the plant sitting there. They had failed, after having been told by the government to keep the plant sitting waiting for more munitions orders, and so forth, to establish any ordinary industry in it; and as a result of their failure to establish ordinary industry in it, which most other people were able to do, they were then paid $2,880,000 in 1950 and subsequently because they had failed to establish any ordinary industry in that plant.

Mr. Fleming: Mr. Chairman, I was not a member of the public accounts committee and therefore do not intend to debate the proceedings in that committee; but I am interested in a contradiction in statements when I find it.

This afternoon the minister has expounded a most interesting theory as to the purposes which committees of this house are intended and are not intended to serve. He has said that if committees of this house are to be used to gather together information to be brought into this house and used to embarrass the minister on his estimates, then we should take another look at these committees, in effect, and decide whether we ought to have committees at all because it is a wrong use to make of them. I am not surprised at a statement like that coming from the minister, because it is quite in keeping with his whole political philosophy.

But here again this afternoon we have an interesting example of the application of the minister's political theory in that regard. This afternoon the minister was asked for an explanation of a figure which aggregates $2,880,000 which was paid as a profit, and is figured as a profit. The explanation given by the minister to this committee this afternoon was that this was paid to Sorel Industries Limited because that company was asked to keep its plant in idleness but available for military production if required. Now, the basis on which the minister sought to establish the payment—

Mr. Howe (Port Arthur): That is not true. Your statement is not correct.

Mr. Fleming: Mr. Chairman, that is what the minister said, if the record stands as the minister made his statement this afternoon. If that were the fact—

Mr. Howe (Port Arthur): It is not the fact.

Mr. Fleming: —the payment made to the company, of course, would be justified if they were asked to keep their plant in idleness and not to put it to some other use.

Mr. Howe (Port Arthur): The evidence is just the opposite.

Mr. Fleming: Payments made to them for that purpose would be proper if the payments were reasonable.

Mr. Howe (Port Arthur): My hon. friend is lost.

Mr. Fleming: Mr. Chairman, are we going to have any order and is the minister going to respect the rules of the house, or is he going to break them all? Just sit down.

Mr. Howe (Port Arthur): Who was it that was thrown out of this house?

Mr. Fleming: The minister does not pay any attention to the rules of this house. He is at it again.

Mr. Howe (Port Arthur): Who was it that was thrown out?

Mr. Fleming: I said if that plant had been kept in idleness at the request of the government in order that the plant and its machinery would be available to be thrown into war production, or defence production, when required, it would be only proper that the company should be compensated for it, if the amount was reasonable, and that is the basis —I call upon hon. members to witness what was said—that is the basis upon which the minister this afternoon sought to justify the payment.

Mr. Howe (Port Arthur): Mr. Chairman, on a point of order—

Mr. Fleming: What is the fact?

Mr. Howe (Port Arthur): On a question of privilege—

Mr. Fleming: The fact is, as we have been informed—

The Deputy Chairman: Order.

Mr. Howe (Port Arthur): No such statement was made, and the record will not show it. My hon. friend can repeat it as loudly as he likes, and let him accuse me of breaking the rules.

Mr. Fleming: It is perfectly typical for the minister to try to smuggle in a speech.

The Deputy Chairman: Order. Perhaps we ought to have a little order. The Minister of Defence Production rose on a point of order which actually was, I take it, for the purpose of denying the accuracy of a statement made by the hon. member for Eglinton. I would suggest that the hon. member for Eglinton complete his remarks and the Minister of Defence Production will then have ample opportunity to reply.

Mr. Howe (Port Arthur): May I ask you a question, sir? Are we still on item No. 1?

The Deputy Chairman: We are still on item No. 85, which is departmental administration.

Mr. Howe (Port Arthur): What are we going to do when we get to item No. 2, which is the item under which this matter could more properly be discussed?

The Deputy Chairman: I think there is a lot of merit in that, but I just do not see how I can start at ten minutes to four to say that this discussion should have been on another item when it has been going on since about 2.30. Perhaps it would suit everybody's convenience and promote efficiency if we tried to complete discussion of this particular incident on this particular item, as it is now perhaps nearly completed anyway. The hon. member for Eglinton.

Mr. Harkness: On the point of order the minister brought up, I would have been glad to discuss this matter on item 87, but I reckoned on item 87 it would have been out of order and the minister would have said it was out of order.

The Deputy Chairman: I point out to the hon. member for Calgary North that we have decided the discussion is to continue on item 85. The hon. member for Eglinton.

Mr. Fleming: Mr. Chairman, the only basis upon which the minister could have justified this payment of $2,880,000 to this company as profit would have been if the company had been asked to retain that plant and hold it available for government use. On no other basis could any such payment be justified by the minister, or by anyone else. But what do we find to be the fact? The fact, as disclosed by his deputy minister, is that the company was advised in 1945 not to keep the plant open. The statement was quite clear that the company was told in 1945, "don't look to the government. We are not telling you to hold that plant available to us; on the contrary, we are telling you not to keep your plant open".

Therefore the company evidently quite clearly was told at that time, "So far as that plant is concerned, you are on your own; you are warned. Do the best you can with it, but don't look to the government". But five years later what happens? At that time the government required the production of this plant for war purposes, and it was not sufficient at that time to provide the company with the cost of opening up the plant. No one would question proper costs of starting the plant up again for war production.

Mr. Howe (Port Arthur): The hon. member for Calgary North does.

Mr. Fleming: No; that is a very different thing. He is not challenging the minister's inclusion in these costs of production of things that were quite properly so classified. I am just stating the facts. It is perfectly clear. The minister can not come back and

change what has been said already in this discussion this afternoon by the hon. member for Calgary North.

But, sir, here we are dealing with a payment the government makes as profit, retroactive for the whole period of five years from 1945 to 1950, a period during which this company has been warned not to look to the government, that they were on their own. They had been told not to keep their plant open; yet when 1950 comes the government is not satisfied just to pay a fair amount to this company to get the plant in operation at that point. They say in an outburst of extraordinary generosity—perhaps not too extraordinary for this government, but an outburst that most taxpayers in this country would regard as extremely extraordinary and quite indefensible—to that plant, "Well, we will go back and say that we told you to look after yourselves for this five-year period, but we will now hand out $2,880,000 of the money of the taxpayers of this country as a payment equivalent to the profit you would have made if you kept that plant open."

The government not only did not ask them to keep the plant open but told them at that time not to keep the plant open for war purposes or for government purposes; yet here is a juicy sum of $2,880,000 handed out in 1950, five years later, apparently to give this company something that was not earned. Now, the minister drove some kind of bargain with this company—

Mr. Dickey: A tough bargain.

Mr. Fleming: —and the terms of the bargain included a payment which in my submission, based on what we have heard here this afternoon was a highly improper and unjustifiable payment, a payment made retroactively to give this company profit for five years for this plant. Whether it was sitting idle or whether it was in use does not matter, because it was not in use for the government and it was not kept in idleness at the government's request. Here we have the statement of the deputy minister of this department that this company was told in 1945 not to keep the plant open; yet they were paid $2,880,000 in 1950 for the consideration that they kept the plant open.

We have had, I think, a very telling example this afternoon of the benefit of having committees of this house do a little scouting, and particularly the benefit of having a committee do some scouting around this department.

When I spoke on June 29 in the opening discussion on the estimates of this department I urged that there should be a review in a select committee of the operations of this department. This department has now been in existence for the last five or six years. In the course of that period it has expended $6 billion, and there has not been a select committee which has had an opportunity to make a thorough study of it. It is true that the committee—

Mr. Dickey: Three sessions, three committees.

Mr. Fleming: No, no. Again the parliamentary assistant is just repeating the same erroneous statements he made on June 29. The fact is that we had a committee on defence expenditure. The first year that committee met was before this department got set up and in operation.

Mr. Howe (Port Arthur): No.

Mr. Fleming: That is what I said on June 29. The two later years that committee sat no one can pretend it did more than a bit of scratching on the surface. What we have seen this afternoon, sir, ought to be abundant evidence to satisfy any reasonable person that what is needed is a very detailed review of the administration of this department and of some of the contracts that have been entered into.

At the beginning of this session the Leader of the Opposition asked that the estimates of various departments should be sent to the estimates committee. Those that were sent were of the government's choosing, and we objected to their choosing. We asked that one of the departments at least of this minister should go to that committee.

Mr. Howe (Port Arthur): You asked for trade and commerce.

Mr. Fleming: Yes, and we would have been glad to have it. It is one for which we asked.

Mr. Howe (Port Arthur): You did not say so.

Mr. Fleming: We were turned down.

Mr. Howe (Port Arthur): You did not say so.

Mr. Fleming: We were turned down; the government would not accept any request from the opposition as to any department. They made the selection, and it will be left to the hon. members of this house and the public to ask themselves why it is the government wants to pick and choose what departments are to have their estimates and their administration reviewed in detail by committees.

Now, Mr. Chairman, it just so happens this afternoon that because another committee of the house, the public accounts committee, happened to have an opportunity to do a little looking into this particular contract and the

juicy payments that were made to this company in connection with it, that we have had information from the deputy minister of that department to correct the statements made here by the minister this afternoon.

If that information had not been available to us through the committee I suppose we would have been in the position of having statements from the minister to justify this payment on the ground that this plant had been kept in idleness at the request of or for the benefit of the government. We know that is not the fact, and there is no justification for this payment; and I say all credit to those members of the public accounts committee who obtained the facts there and to the hon. member for Perth and the hon. member for Calgary North who have brought this information to the attention of this committee this afternoon and have established that there was a payment of $2,880,000 which, as the hon. member for Perth said this afternoon, was just a handout.

Mr. Howe (Port Arthur): Well, Mr. Chairman, I have heard my hon. friend distort other situations—

Mr. Fleming: No, you never have.

Mr. Howe (Port Arthur): —but I think the distortion of this particular matter—

Mr. Fleming: You have never heard me distort the truth; not if you recognize the truth.

Mr. Howe (Port Arthur): —excels his usual distortion.

Mr. Dickey: You hand it out; just take it for a change.

An hon. Member: Sit still for a while.

Mr. Howe (Port Arthur): The hon. member stated that I said in 1945 we asked the company to keep this plant ready for operation. The fact is exactly the opposite.

Mr. Fleming: We know that now.

Mr. Howe (Port Arthur): That was said in the committee and I have said it in the house. I knew it then and of course I know it now.

Mr. Fleming: Why did you try to justify the payment?

Mr. Howe (Port Arthur): The hon. member is trying to sneak in an extra speech just as he accused me of doing.

Mr. Fleming: I asked a question.

Mr. Howe (Port Arthur): You are the hon. member who was thrown out of the house for butting in.

Mr. Fleming: And you are the man who should be thrown out today—

[Mr. Fleming.]

Mr. Stuart (Charlotte): Get the facts.

Mr. Fleming: —and when I was very improperly suspended on May 25—

Some hon. Members: Ha, ha.

Mr. Fleming: —by the vote of the majority of this house—

Some hon. Members: Order.

Mr. Fleming: —here is the minister who should have been thrown out if he were not a member of the majority.

The Deputy Chairman: Order. May I remind the committee that we are discussing, or should be, the estimates of the Department of Defence Production and that incidents which have been previously decided by actions of the house are closed so far as this discussion is concerned. May I say to the hon. member for Eglinton, as I said to the minister a short time ago, that the Minister of Defence Production should be permitted to make his statement and an opportunity will be given for reply.

Mr. Dickey: The rules do not apply to the hon. member for Eglinton.

Mr. Howe (Port Arthur): The facts of the matter are that in 1945 we had to decide what facilities outside of those owned by the government we wished to keep active. In the matter of Sorel we looked into that, and it was a very costly affair to keep that plant active. We notified the company that we did not intend to do so. The company were told that they were free to dispose of the equipment and turn the plant over to civilian use. Well, they chose not to do so. The matter was considered and I know they had offers for some of the equipment. Some of the equipment was specialized and some of it was standard, and it was all very valuable. I know they received an offer from another government for the equipment. They came to see me and on my advice they did not accept the offer.

However, we had no obligations to the plant and we would have had no obligations had we never required the plant again. In other words, if the Korean situation had not come along and if we had not been again required to build heavy guns in quantity in this country we had no obligation to the plant.

Then we found in 1950—1949, I guess it was—that we did have a requirement for the plant.

Mr. Fleming: 1950.

Mr. Howe (Port Arthur): We did have it; and we naturally went to the company and said, "We need your plant; what arrangements can we make?"

Mr. Diefenbaker: Were there any other companies in the same position that received the same type of reward?

Mr. Howe (Port Arthur): Here is another man. He is the hit and run artist. It is not time for him to hit yet. He had better listen for a while.

Mr. Diefenbaker: I wondered whether Sorel Industries was the favourite company.

Mr. Howe (Port Arthur): Just let me tell you the story. You can make your speech later, after you have picked up a few facts. Your arms will wave—

Mr. Diefenbaker: We are trying to get the truth.

Mr. Howe (Port Arthur): You don't worry about the truth. However, we came to this point in 1949 or 1950. I do not remember when we decided that we were going to need the plant. However, we said, "We need your plant." They brought us a bill that showed us the cost of maintaining that plant without orders for the intervening period, and they said, "What about that? We shall require a special profit if the plant is to be used for a two or three-year period. If you want to make a long-term arrangement for the use of our plant that is one thing, but do you intend to give any undertaking that at the time these contracts are filled there will be a future for the plant?" We said, "No, we do not think that as part of the defence effort we should undertake to carry as part of our long-range equipment a plant of that size. We want to make an arrangement for the work incidental to the Korean emergency, and we want no continuing obligations."

A good deal of negotiation went on. My officers are familiar with it because they carried on the bulk of it. It was decided that we would pay a portion of the cost that had been involved in carrying on the plant. Incidentally, that was not a profit; it was made up of expenditures that had been made by the company, as indicated by their books. An arrangement was made that having given some compensation for that, we would treat them on the same basis as any other contractor and pay the costs ordinarily allowed for the work performed according to our own formulas of allowable profit.

We had then in hand an order for 48 guns for the Canadian navy. You may say it was not worth starting up a plant of that size to make 48 three-inch 50 calibre guns. Nevertheless it was the policy at that time to make sure that Canada was self-sufficient as far as naval production was concerned, and as part of that program the navy wished to have those guns manufactured in Canada.

We started up the plant on the theory that we were going to make 48 guns for the Canadian navy. The starting up expenses were based on the Canadian program. Later on we were able to obtain a share of the United States program for the same guns, and from then on we were able to divide our costs over a much greater base. In the end, I think, the situation worked out quite well. We finished up the United States guns to their complete satisfaction. They shared in the costs from the time their contract was entered in the books, and their participation very greatly lowered the overhead on the Canadian part of the project.

The two guns were not exactly the same. The Americans sent up a breech-block made by a special contractor in the United States who made the breech-blocks for all the United States guns. Our own navy wanted their own breech-block, and we had to tool up in Canada to make that breech-block. This accounted for some part of the difference in costs—not a great part, but that was the main physical difference between the two guns.

What we did there is what we would have done had we used a similar plant anywhere else. You say that we put in the bunkhouses. Certainly; when we use a plant that had not been active or had been active on a lower scale we give capital assistance, as we did in this case, to put the facilities in shape to carry out the work that we have for the plant. There was nothing exceptional about the Sorel situation, except that we picked up part of the cost of maintaining the plant and the equipment in the plant in idleness for the intervening five years.

My hon. friend from Eglinton said that it would have been quite all right if we had decided to do that in 1945. We decided not to do it then, but that does not alter the equity of the situation. When we found that we would profit by the fact that the plant had been kept intact, the equity of the situation, and the desirability of putting the plant on all fours with every other plant that had been in use in the interval, as far as the entitlement to profit was concerned, was considered by my officers and myself as a sufficient reason for making a settlement on part of the out of pocket costs of maintaining the plant over the intervening five years.

Mr. Fleming: Now will the minister answer a question? Does the minister confirm the fact that this company was told in 1945 not to keep its plant open as far as the government was concerned?

Mr. Howe (Port Arthur): Certainly; I told them myself and I have never represented otherwise. My hon. friend is the only one that has represented that I said otherwise. I do not know whether I wrote them a letter advising them to that effect, but I told them in any event.

Mr. Fleming: The statement of the minister just now completely obliterates any justification for the payment of $2,800,000.

An hon. Member: In your opinion.

Mr. Harkness: The minister, in replying to the hon. member for Eglinton, I think was attempting to represent me as saying something which was not just what I did say. What I was trying to get at here, as far as these two items are concerned, the cost of rehabilitating the shops and staff houses and the cost of making ready, were the amounts which were used for various things. I had said that I could see no justification whatever for the Canadian taxpayer paying $200,000-odd for rehabilitation of these staff houses. I should like the minister to give us a breakdown of this item, and I should like a breakdown of the other item later. I should like a breakdown first of the item $908,450 for rehabilitating shops and staff houses.

Mr. Howe (Port Arthur): Do you expect me to give it from memory? This is only item 1.

Mr. Harkness: The minister has his officials here, and possibly they could provide that for him. Perhaps he is not showing enough confidence in them.

Mr. Howe (Port Arthur): They tell me they do not have it. However, we shall get it as soon as we can and supply it to my hon. friend.

Mr. Zaplitny: The minister gave some figures on the Sorel contract which are interesting. If I heard him correctly, he stated that this company has manufactured approximately $100 million worth of guns over a period of time—I did not catch the period—and for that they received a profit of approximately $7·2 million or 7·2 per cent. Let us take the period from 1940 to the present time. What was the total amount of capital assistance provided to this company?

The minister also stated in his address that a certain amount of that capital assistance had been purchased by the company over a period of time. Perhaps he could give us the figures as to what portion of that capital assistance had been purchased by the company, and at what discount price. Naturally they did not pay the value of the equipment as at the time when it was put in; they must have received a certain discount.

Would he also at the same time tell us the balance of the capital assistance still outstanding, and the book value of that capital assistance at the present time? In other words' what I am trying to get at is this.

I have stated, and I think correctly, that over and above the 7·2 per cent profit admitted by the minister there is a very substantial element of subsidy to this company through this capital assistance, because the minister has already stated that the government provided certain machinery and equipment to be used in fulfilling these contracts. The company has received a profit for the fulfilling of the contracts. Therefore the use of that equipment, for which the government apparently received no other consideration, cannot be considered anything else but a subsidy over and above the 7·2 per cent profit. If that is not the case, the taxpayers of Canada should know what amount of subsidy goes along with that 7·2 per cent profit, so we will know actually what we are paying for this $100 million worth of guns.

Mr. Enfield: Before the minister answers the question, I too was rather interested in the basis on which machinery or other equipment supplied as capital assistance was then sold to or taken over by the private industry concerned. I think the hon. member for Dauphin could have found some of his questions answered if he had read the annual report of the department. On page 27 it has this to say in this connection:

> In line with the policy of encouraging private investment in defence production facilities, a number of important assets have been sold to the management companies. This is particularly true in the aircraft field where, by the end of 1955, sales of crown assets had been made to 13 companies. During 1955, negotiations were also concluded for the sale of the plant in Toronto housing the crown-owned facility for production of naval propulsion turbines.

It seems to me the picture is that if machinery and equipment are supplied to an industry then, when you make your contract for the production of goods with that industry, the consideration for the machinery is reflected in the price you are going to pay for the production of the goods. On this basis the machinery would remain as an asset in the hands of the crown. The title would remain in the crown. Then you get to the point: All right, what price do you receive when the asset is sold to the company? I think it would be very interesting to know how we fare financially at such time as the equipment is sold and turned over to the private industry concerned.

Mr. Howe (Port Arthur): I doubt if we can go back to 1940. The department we are discussing was brought into being in 1950. I think the department of munitions and supply was wound up around 1948, and where the records are now I do not know. I suppose they may be in the records building. In any event these transactions had the blessing of continuous committees of this house for several years and the records were disposed of with the approval of the government agency that decides these matters. I am willing to go back as far as the records of the department will permit, but I do not think I can go back to 1940.

Mr. Zaplitny: Go back to 1950 at least.

Mr. Howe (Port Arthur): I can do that. I shall be glad to.

Mr. Diefenbaker: I asked the minister a while ago by way of an interruption while he was speaking whether or not any other company had received the same treatment as Sorel Industries; a reward, as it were, for the period it was unoccupied and its facilities unused. Is there any other company that at the time of the Korean crisis or since has received a payment similar to the one we are discussing at the moment?

Mr. Howe (Port Arthur): There was no similar situation. In the case of the aircraft plant we had spent a good deal of money to keep them alive and pay the carrying costs. As I recall, the only important war plant used in the last war that was allowed to close down was Sorel Industries. We decided it was too big an obligation to take on with no certainty that the plant would ever be required again, even in the case of war.

Mr. Dufresne: I think I heard the minister say a few minutes ago that in 1945 the government had left some machinery in Sorel Industries. Can the minister tell us what Sorel Industries paid for the machinery left there in 1945, and also what was the original value of that machinery?

Mr. Howe (Port Arthur): The machinery was paid for by Sorel. We left no machinery there. Sorel bought the assets of the plant on the usual formula which is the cost of the machinery less straight line depreciation at the normal rate provided for in the income tax regulations for the period in which the machinery was used. The machinery was bought on that basis, and when the plant was closed down in 1945 we had no assets in the plant and no interest in it.

Mr. Michener: On the revenue side of the accounts there are some items which I should like to ask the minister to explain to the committee. They all relate to a transaction with Algoma Steel Corporation Limited. In the public accounts for 1952 there is reference at page DD-9 and page DD-12 to an Algoma Steel credit of $239,312.93 which is explained in these terms:

> The credit in this account represents the final principal payment by the corporation in accordance with the terms of the agreement. This loan bears no interest.

Then in the 1953 public accounts at page DD-22 there is an amount of $4,401,652.26 shown under the heading, "Balances receivable under agreements of sale." In 1954 there are further entries of receipts on that account of $4 million-odd with this explanation as found at page DD-11:

> This represents the balance due for property disposed of under lease-purchase option agreement which terminates April 30, 1977, and provides for annual instalments, plus interest at 3 per cent per annum on the balance as follows . . .

Then there is a statement of the interest. Then in the public accounts for 1955 there is a final entry of receipts in this transaction. At page DD-7 under details of ordinary revenue there is an item, return on investment, Algoma Steel Corporation Limited, $123,406. That appears to be a long-range transaction, and if the minister can I wish he would give us the particulars.

Mr. Howe (Port Arthur): It goes back to world war II. Certain facilities were put in Algoma as capital assistance facilities that Algoma did not feel justified in supplying themselves. They were supplied as capital assistance, and at the end of the war the assets were purchased by Algoma on the usual formula, cost less straight line depreciation, and the terms of the agreement obviously gave them some time to pay. Five to seven years was common, and I presume the payments referred to are payments made under these old agreements. Whether or not I can find them I do not know. The world war I stuff is not so accessible but I will see what I can find.

Mr. Michener: This is world war II.

Mr. Howe (Port Arthur): World war II, I should say.

Mr. Michener: Does the minister have the total cost of these facilities and the payments that were to be made by Algoma in purchasing the assets under the formula of depreciation?

Mr. Howe (Port Arthur): I cannot promise. I will get all the information I can. My hon. friend is now going back long before the department under discussion was established. The records of the old department have been

filed away, but we will endeavour to get them and we will find out if we can.

Mr. Michener: I thank the minister, but let me point out that this is current business.

Mr. Howe (Port Arthur): Not current business for the department. When sales are made and agreements are made they become debts to the crown. The Department of Finance and the Auditor General would know about them, but the Department of Defence Production does not collect these accounts.

Mr. Michener: I am not sure how the departments divide these matters, but in the public accounts these are details under the heading, "Department of Defence Production". I assume they are matters which the Department of Defence Production keeps under its eye in order to see that the proper payments are received. If the minister could get that information, I would appreciate it. I refer to the total cost of these assets or facilities. I assume they were for the purpose of providing war materials at the time.

Mr. Howe (Port Arthur): I will get it if I can. I cannot promise to do so, but I will get it if I can.

Mr. Michener: And also the prices which were paid. I have one other question along the same line. Can the minister indicate to the committee any current transactions between the department and Algoma Steel Corporation Limited.

Mr. Howe (Port Arthur): I do not recall any outstanding transaction, but I will be glad to look the matter up.

Mr. Michener: Other than this one transaction?

Mr. Howe (Port Arthur): That was a sale of equipment installed during the second world war. I know of no similar transaction arising out of the Korean war, but I will be glad to look into the matter.

Mr. Michener: Will the minister ascertain whether the department does any current business with Algoma Steel Corporation Limited and, if so, what sort of contracts are at present being negotiated with this company.

Mr. Zaplitny: Before we proceed further, I wonder whether the minister intended to supply at this time the information for which I asked, or whether he intended to leave the matter to a future date. I refer to information with respect to capital assistance to Sorel Industries.

While I am on my feet, I should also like to add that I hope the answer on the matter of depreciation will be a little more specific than the reply he gave my friend the hon. member for Quebec West because, in reply to him, he stated that the rate of depreciation was that allowed and provided for by the income tax regulations. As the minister well knows, all that the income tax regulations provide for is a maximum. They do not specify the rate of depreciation on any particular article. They specify the maximum that can be charged. In this case it would probably be 20 per cent.

In giving the information I hope he will specify what the rate of depreciation was and not simply refer to the income tax regulations, because they do not specify the rate. They only provide for a maximum. I hope the minister will specify what the rate was, unless it is the case that the maximum is always charged. If that is the case I hope that information will be forthcoming.

Mr. Howe (Port Arthur): As I understand it the rate the Department of National Revenue allows on machinery is 10 per cent per annum. That is under straight line depreciation. There are two methods. One is 20 per cent diminishing balance. But in transactions for the department we allow depreciation at 10 per cent per annum on a straight line basis. It is more favourable for the government.

Mr. Diefenbaker: I should like the minister to tell us what is the investment of the people of Canada and the interest they have in Sorel Industries. Is it as set out at page DD-21 of the public accounts for the fiscal year ended March 31, 1955? Is that amount $15,799,000?

Mr. Howe (Port Arthur): No, we have not any such investment.

Mr. Diefenbaker: What is the nature of these figures setting out "Investment at March 31, 1955" with respect to Sorel Industries Limited?

Mr. Howe (Port Arthur): I do not know what the significance is, I am sure.

Mr. Diefenbaker: That figure is to be found at page DD-21 of the public accounts.

Mr. Howe (Port Arthur): I think my hon. friend includes the arsenal plant at Longueuil which we own.

Mr. Diefenbaker: This is "Investment in Plant and Equipment" and various industries across Canada are shown. Included is Sorel Industries Limited, and the figure shown is $15,799,000.

Mr. Howe (Port Arthur): I have the summary of capital assistance with contractors, March 31, 1956.

Mr. Diefenbaker: What is the total amount of capital assistance at the time to Sorel Industries?

Mr. Howe (Port Arthur): The figure is $6,580,609.91.

Mr. Diefenbaker: That is since when?

Mr. Howe (Port Arthur): That is on March 31, 1956.

Mr. Diefenbaker: This report is for the year ending, March 31, 1955, and it sets out that the total amount of investment in Sorel Industries is $15,108,024. During the year it increased by $931,000, and there were transfers of capital assets and the investment in this country is $15,799,000. I just wondered whether or not that referred to the answer to the question that was asked a while ago by the hon. member for Dauphin, and represented the amount the government of Canada has advanced to this company through the years.

Mr. Howe (Port Arthur): No, that would not be the answer. He was asking what the investment in the company was from 1940. As I say, the investment up to 1945 was liquidated by a payment from the company to the government which transferred all the property to them. I am not just clear. Sorel Industries expanded their capacity by taking over a plant that the government owns in Longueuil, outside of Montreal. The only thing I can think of is that there must have been a combination of these two plants. But of course Longueuil is owned by the government and always was owned by the government, and all the equipment in it is owned by the government. I will send this sheet across to my hon. friend.

Mr. Diefenbaker: If the minister would just turn to the public accounts and give me an explanation of what this $15 million figure is, I should be obliged. It is to be found at page DD-25.

Mr. Howe (Port Arthur): I am sorry, but I have not a copy of the public accounts.

Mr. Diefenbaker: I will send this copy over to the minister.

Mr. Howe (Port Arthur): The Longueuil plant under this account is charged to Sorel. That is, it is put in the keeping of Sorel; it is turned over to Sorel for operation. Nevertheless the Longueuil plant and everything in it is owned by the government and will continue to be owned by the government.

Mr. Diefenbaker: The minister's figures a moment ago were some $6 million as the amount as of March 31, 1956?

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

Mr. Diefenbaker: How does he account for the difference? What has happened during the last year whereby the indebtedness of Sorel has been reduced from $15 million to $6 million.

Mr. Howe (Port Arthur): It was never an indebtedness. This is simply a list of crown assets charged to the various companies.

Mr. Diefenbaker: That would be indebtedness, would it not?

Mr. Howe (Port Arthur): It is not a debt. It just shows that certain government capital assets are in their keeping. It is not a debt until the government sells the assets to them. If the government owns it, it can take it out. It is not a debt. That Longueuil plant in the figure quoted from public accounts was obviously charged to Sorel Industries Limited.

Mr. Diefenbaker: How much was the value of the Longueuil plant charged to Sorel Industries?

Mr. Howe (Port Arthur): It must have been the difference; $9 million, probably.

Mr. Diefenbaker: Has the minister the figures there among his papers? That seems to be a lot of millions.

Mr. Harkness: He is just guessing at $9 million.

Mr. Diefenbaker: That is so.

Mr. Howe (Port Arthur): The Longueuil plant was built for the government. It was operated by the government during the second world war, and in fact after the second world war. When it was found that additional space was needed for heavy guns, operations there were transferred to the Quebec arsenals plant and this plant was turned over to Sorel Industries. I am sure that at that time the plant and the equipment in the plant were listed under Sorel industries, although it was government property.

Mr. Diefenbaker: If the minister would just find out from his officials why there is this difference between $15 million and $6 million in a year? What was the amount for the Longueuil plant? The minister said approximately $9 million. I would ask him if he would get the exact figures in that connection, because he apparently has them before him?

Mr. Howe (Port Arthur): No, I have not. We have the Sorel figure, but not the Longueuil plant. The Longueuil plant was built about 1940 or 1941 and it has always been owned by the government.

Mr. Diefenbaker: It still does not explain the $15 million for March 31, 1955, and how that $15 million item was made up? Did it include the Longueuil plant, and if so what portion of the $15 million represented the Longueuil plant? It is quite a large item, and one would expect some kind of a breakdown of it.

Mr. Howe (Port Arthur): I gave the amount that was listed for the Sorel plant. We have it here. The balance must have been the Longueuil plant, but we will be glad to look up the original figure and tell you how it came about.

Mr. Diefenbaker: Of course $9 million is quite a lot, I would think.

Mr. Howe (Port Arthur): I know, but the Longueuil plant does not enter into these estimates. It has not been operated by the department.

Mr. Harkness: When was the Longueuil plant taken over by Sorel Industries?

Mr. Diefenbaker: What does this company, Sorel Industries, pay for the equipment and for the Longueuil plant? Has the minister got that? It must surely pay something for that?

Mr. Howe (Port Arthur): The Longueuil plant was used for government work and we were not charged anything for it. I do not know whether they paid anything. I would be glad to look that up. My hon. friend wants to go back over about $17 billion worth of contracts and expects me to have the information—

Mr. Diefenbaker: No, this is March 31, 1955.

Mr. Howe (Port Arthur):—expects me to remember the details of every one of the contracts that made up the $17 billion. I cannot do it, I will tell you frankly. If you will give me the definite information you want I will endeavour to get it. I am sure I can get most of it. If you want to go back into the dim past, to 1940 or 1941, I am not sure I can get it because I imagine those records are in central storage.

Mr. Diefenbaker: I know my hon. friend once said, "What is a million?"

Mr. Howe (Port Arthur): That is a fiction that has been plastered all across the country by my hon. friend.

Mr. Fleming: You originated it.

Mr. Diefenbaker: No, as a matter of fact I have kept it out of sight at all times. I would not refer to it at all, but I am saying it was said.

[Mr. Howe (Port Arthur).]

Mr. Howe (Port Arthur): Even *Maclean's* magazine took the trouble to go back to try to get the origin of it. Now it has been exposed to the public, but my hon. friend keeps on saying, "What's a million?"

Mr. Fleming: We all heard it.

Mr. Howe (Port Arthur): It was never said.

Mr. Fleming: We heard it.

Mr. Howe (Port Arthur): My hon. friend now has made a statement, and I can pin him down on this statement. You find the exact page of *Hansard* where I said that and produce it, and I will resign my seat and go to the country.

Mr. Fleming: Has there been an expurgation job done on *Hansard*?

Mr. Howe (Port Arthur): My hon. friend makes these statements, and this is only typical of the statements he makes every day. This happens to be one on which I can pin him down, and perhaps he will apologize.

Mr. Fleming: We all heard it.

Mr. Diefenbaker: Who has the floor now?

Mr. Howe (Port Arthur): My hon. friend appreciates a fabrication.

Mr. Fleming: I would appreciate your making a correct statement. We heard you say, "What's a million dollars?"

Mr. Harkness: I heard it myself.

Mr. Howe (Port Arthur): Surely these people had better put up now. You are very intelligent people with lots of spare time. While you are sitting around here trying to keep the government here by stringing out this session, surely you have time to go through *Hansard* and find this reference. We do not mind sitting here, you know. We realize that only five or six members run the house and the rest are up in their offices. Surely they could take half an hour and find that quotation?

Mr. Diefenbaker: I am not concerned about that million which did not amount to anything, but I am concerned about this $15 million that appears in the public accounts as the investment of the people of Canada in Sorel Industries, and charged to Sorel Industries.

Mr. Howe (Port Arthur): It does not say so.

Mr. Diefenbaker: It would not appear there if the dominion government had not some interest. I have asked the minister a very simple question; how much was charged for this Longueuil plant? What was the value of the Longueuil plant? The minister says, "I have not got figures like that."

Mr. Howe (Port Arthur): My hon. friend is on item No. 1, when general speeches are made. Am I supposed to have all the figures he can think of asking me to produce? I will get those figures and I will produce them, but I cannot do it now. I do not remember them, and I have not the information before me. I can give him the amount charged to the plant at Sorel, but I cannot give him a breakdown of the amount charged to Sorel Industries.

Mr. Zaplitny: I want to ask a question and I am sure the minister can answer it, because he does not have to dig through figures to do so. It is a matter of policy. I refer to the same matter now under discussion, this investment of $15 million of public funds in Sorel Industries, or in any private company. What is the policy of the government? What consideration does the government receive on behalf of the public treasury in return for putting that investment in the hands of a private company?

Mr. Howe (Port Arthur): Lower profit is allowed. The profit margin is reduced in proportion to the amount of government-owned machinery that is used. The end product costs less because no depreciation for the equipment is charged. For instance, if a plant buys its equipment and additional profit is allowed the plant because it owns its own equipment. These adjustments are made as a matter of routine. We might pay a light industry 4 per cent for operation with government equipment, and if it buys equipment we might pay 5 per cent or 5·5 per cent.

Mr. Zaplitny: That is very interesting and very important, because I think it is important that the public should know on what basis these industries are paid for the contract they undertake for producing these materials.

Let me ask this question. The minister says a consideration is that the profit is not as great where there is an investment by the public in the form of equipment. At what point is that decision arrived at? For example, let us say the government lets a contract in 1955 for a certain quantity of guns. In letting that contract to a private firm, is it a firm contract on which a margin of profit is provided, or is there a total price provided, or is that an open contract to be adjusted at the time of completion? What type of contract is it?

Mr. Howe (Port Arthur): It depends on the nature of the contract. If it is let by competitive tender of course it is a firm price. If it is for a product that must be built in a particular plant, there are many ways of getting it done and often the profit is to be adjusted. For instance, in aircraft production we have a starting rate and it is adjusted. As the learning curve proceeds and efficiency goes up the rate of profit is adjusted. It is a very complex business. I do not think I can explain it on the floor of the house. Perhaps I do not know it well enough myself to explain it, but we have a pattern in these things. If my hon. friend would like to have a committee next year I am sure my officers would be very glad to go there and they would be able to go into this thing. With the right kind of talent there and sitting as long as you like we could let the committee decide whether it is right or wrong, and not come back to the house and ask me to decide.

Mr. Zaplitny: If I may pursue one more question, I should like to point out to the minister that these are not the kind of questions on which we can obtain information in a committee, particularly in the public accounts committee, because they involve government policy. It is well known that officials of a particular department will not answer questions involving government policy, and I think quite rightly so. That is the responsibility of the minister concerned.

Mr. Howe (Port Arthur): My hon. friend is not asking me policy questions; he is asking me questions for information, questions of fact. I would be glad to answer policy questions, but that is not what he is asking.

Mr. Zaplitny: I shall change the question slightly. Will the minister place before this committee the policy that is followed with respect to government contracts in the industries in which the government has an investment in the form of equipment such as, for example, Sorel Industries? I would suggest to him that perhaps the best way it could be done—he tells us it is a complex business, and no doubt it is, but that is all the more reason why the public should know all about it—would be to table one or two typical contracts so that all the terms of the contract would then be known. They could be used as an example. He could choose the contracts that would be the most typical, and then the public would have an opportunity to know exactly on what basis we are paying these companies.

At the present time I am firmly convinced that the margin of profit admitted or stated is not the true margin of profit, because there is an element of subsidy on account of the fact that there is this equipment supplied and paid for by the public treasury for which the government or the treasury receives no consideration. That must be added to the overall profit because there seems to be no other place to put it. If an example of a contract

could be tabled so we could see ourselves just where that consideration comes, just where those adjustments are made that the minister mentioned, then I for one would be satisfied, and that is definitely a matter of government policy.

Mr. Howe (Port Arthur): Mr. Chairman, I am sure there are hundreds of contracts filed with the Clerk of this house. Every contract is tabled in this house. I do not know what more I can table than is tabled.

Mr. Zaplitny: Did I understand the minister to say that every contract has been tabled in this house?

Mr. Howe (Port Arthur): No; a number have been tabled. For instance, at every meeting of the defence expenditures committee a number of contracts have been tabled. If my hon. friend will tell me that he wants a particular contract tabled I will be glad to table it. A report of the department indicates how many separate contracts were made during the year, and I know it runs into hundreds of thousands. Just to pick out one is difficult. Why does my hon. friend not pick out one?

Mr. Zaplitny: I will be glad to do that. If the minister would table the contract with respect to the guns manufactured by Sorel Industries that has been mentioned here this afternoon, that one would be quite satisfactory.

Mr. Howe (Port Arthur): I am told that all these contracts were tabled in the public accounts committee. Is my hon. friend a member of that committee?

Mr. McGregor: I never saw them tabled.

Mr. Howe (Port Arthur): I am told they were tabled; I do not know.

Mr. Sinclair: I would like to continue to discuss the point raised by the hon. member for Prince Albert, the hon. member for Eglinton and the hon. member for Calgary North. All three hon. gentlemen say they remember the Minister of Trade and Commerce saying, "What's a million?" We all know, of course, how inaccurate is the memory of the hon. member for Eglinton. The Minister of Trade and Commerce suggested that the Tories, since they have mentioned it so often, should go and get *Hansard* and show that he said, "What's a million?"

None of them moved, so I went out to the library and very quickly got *Hansard* for the second session of 1945, shortly after the hon. member for Eglinton entered the house. Here is the famous remark which the hon. member for Eglinton was so sure the minister made and so arrogantly said he remembered distinctly, as did the hon. member for Calgary North. The discussion was on the estimates of the then minister of munitions and supply. At page 2251 of *Hansard* the minister had this to say:

I call the attention of my hon. friend—

His hon. friend is the financial critic of the Conservative party, the hon. member for Greenwood. I notice that the hon. member for Eglinton is aspiring to that job in the absence of the hon. member for Greenwood.

Mr. Fleming: No, he is not.

Mr. Sinclair: You are not worthy to aspire to fill his shoes. I continue:

I call the attention of my hon. friend to the fact that we are dealing with an over-all bill for some $1,365 million. This is only a break-down for purposes of discussion, and this amount is not being appropriated by itself; a bill in which this is included is being prepared. I dare say my hon. friend could cut a million dollars from this amount; but a million dollars from the war appropriation bill would not be a very important matter.

Mr. Macdonnell: I suppose that is true.

On an estimate of $1,365 million, $1 million is about one-tenth of one per cent, or a little less. This is the statement which the hon. member for Eglinton has just said he distinctly recalls being, "What's a million?"

Mr. Fleming: The arrogant Minister of Fisheries has just made one of his statements that has a very fishy flavour to it. Mr. Chairman, what particular passage the Minister of Fisheries has dug out in compliance with whatever request he received from the Minister of Defence Production will have to be his responsibility; but whether that is a passage about the same time or not, the fact is that members of this house did hear the statement, and it is a curious thing—

Mr. Dickey: You produce it.

Mr. Fleming: —that here we are at July 25, 1956—

Mr. Howe (Port Arthur): It is a falsehood.

Mr. Fleming: This statement, attributed to the Minister of Defence Production, "What's a million dollars?" has been referred to in this house and elsewhere, I suppose, hundreds and hundreds if not thousands of times; it has been quoted many times in the hearing of the minister and this is the first time he has been prompted to suggest that he never made the statement.

Mr. Dickey: It has been denied before.

Mr. Fleming: It is a curious delay, Mr. Chairman, a long delay.

Mr. Howe (Port Arthur): My hon. friend makes so many speeches and delivers so many falsehoods.

Mr. Fleming: There he is on his feet. The rules do not mean a thing. He is up on his feet cutting into the middle of other people's speeches. He is not satisfied to let anybody else make a speech. The rules are only for other people; they are not for him. He has his cackling chorus taking up the story. There they go; there they are.

Now, Mr. Chairman, members of this house have made their comments. The Minister of Fisheries has brought up a passage and he is asking the house to say that is the only statement the minister has ever said that comes close to the one attributed to him. Well, statements by members have been made here this afternoon, and I do not know that anybody is going to change his statement. I certainly do not intend to, Mr. Chairman. I comment again; it was a curious demonstration; it is an amazing demonstration. After this famous statement has been carried right across this country; it has been discussed, I suppose, or referred to on every election platform or on the hustings for the last decade, and it has been referred to in this house on more than one occasion. Yet the minister, in this year of grace 1956, has suddenly discovered that somebody has made the statement that he made the statement, and he says now he did not make the statement.

Mr. Dickey: Which is true.

Mr. Fleming: There may be a lot of credulous people in this house, Mr. Chairman, but I think this strains credulity beyond all possible recognition.

Mr. Sinclair: I can perhaps answer this, too, because the hon. member for Eglinton has once again displayed his amazing ignorance about other people's speeches. He knows his own speeches very well because he keeps requoting them to us.

Mr. Fleming: You have never heard me quote from one of my own speeches.

Mr. Sinclair: The first time this was mentioned was in the 1949 budget speech of the financial critic of the Tory party who was then the member for Muskoka, I think it was, and who is now the hon. member for Greenwood. In the course of his speech he claimed the Minister of Trade and Commerce had said, "What's a million?" That was my first year as parliamentary assistant. I looked up the remark then and answered him immediately. That was the reason I could find this so quickly, not because I remembered my own speech. I went to the library and found my speech and came back with the answer in *Hansard* of 1945. At that time I put on the record not only what the Minister of Trade and Commerce had said in 1945 but what happened, and the Tory party has been lying about it from that day on.

Mr. Fleming: Mr. Chairman, the fishy remark we have just heard does not affect in the least the facts as stated here this afternoon, and it is not going to deter anyone who heard the remark that has been referred to from referring to it whenever it pleases him to do so.

An hon. Member: Whether it is right or wrong.

Mr. Fleming: The remark has been referred to on many occasions in this house and the minister has not denied it in 11 years. I fail to understand, Mr. Chairman, what has given rise—

Some hon. Members: Order.

Mr. Fleming: —to this very interesting situation where suddenly out of the blue, on July 25—

An hon. Member: The year is 1956.

Mr. Fleming: —1956, apparently someone around the minister suddenly becomes conscious of the fact—

Mr. Diefenbaker: Perhaps they read *Maclean's* magazine.

Mr. Fleming: Yes. This remark has been referred to for 11 years, but it is only today that the minister pretends he has suddenly become aware of it. How extraordinary! It is just too much for human credulity, even the Liberal variety.

Mr. Sinclair: One last suggestion, Mr. Chairman. I would suggest that this little pocket Mussolini put up or shut up. Let him now find the remark in *Hansard*; let him quote the minister using the words, "What's a million dollars?"

Some hon. Members: Hear, hear.

Mr. Fleming: Mr. Chairman, I do recall that in the last parliament the Speaker of that house, when I chose to draw certain comparisons between the attitude of one Mussolini and the Minister of Defence Production, thought it was an unparliamentary sort of remark and—

Mr. Howe (Port Arthur): The hon. member only referred to you as a pocket Mussolini, though.

Mr. Fleming: Pardon?

Mr. Howe (Port Arthur): He only referred to you as a pocket Mussolini; that is different.

Mr. Fleming: Well, I shall refer to the minister as a great big overgrown, overstuffed Mussolini.

An hon. Member: He is certainly not overgrown.

Mr. Fleming: Mr. Chairman, I have said what I have said, and I stand by what I have said.

Mr. Dickey: Which is nothing.

Mr. Fleming: I am not the least bit impressed by these remarks of the sullen Minister of Fisheries.

Mr. Sinclair: Put up or shut up.

Mr. Fleming: We have had some examples that hon. members have not forgotten when surgical operations were performed on *Hansard* by the ministers this session.

Mr. Sinclair: Back in 1945?

Mr. Fleming: If those words I have referred to are not readily available in *Hansard*, then I can only infer that somebody has gone back and performed a surgical operation on *Hansard* similar to the one that was performed—

An hon. Member: Name it.

Mr. Fleming: —this session by the Minister f Agriculture.

An hon. Member: How low can you get?

Mr. Fleming: You ought to know.

Mr. Campbell: Mr. Chairman—

Mr. Johnston (Bow River): Mr. Chairman—

The Deputy Chairman: The hon. member for Bow River. Order. I think I should apologize to both hon. gentlemen. The hon. member for The Battlefords rose a moment ago and I incorrectly identified him as the hon. member for Bow River. The hon. member for Bow River also has a question and perhaps he would permit the hon. member for The Battlefords to speak first.

Mr. Campbell: Mr. Chairman, I was just going to ask you if you could not get the house back to business.

Mr. Johnston (Bow River): Mr. Chairman, my question will not be much longer than that of the hon. member for The Battlefords. I would like to ask the minister a question concerning the payment that was given to Sorel Industries in view of their being idle for the five year period. I understood the minister to say that after 1945, when the government informed Sorel they would not be getting any more orders and therefore they should turn their plant over to peacetime production, they had received offers to dispose of their machinery and came to the minister to get his opinion regarding it. If I understood the minister correctly he said he advised them not to do that.

If that is so, then I would think the minister would have had to indicate to them the reason for saying that. Probably the reason would be, "Well, you should not dispose of the machinery because later on we may want"—and I use the word "may" advisedly—"to place an order for guns or something of that sort, and then you would have the plant ready".

If that is a proper inference and if that were said to the company, then I think in 1950 when the government came to Sorel and said, "Now here is an order we want you to fill" probably the Sorel company would be in a position—and rightly so—to say to the government, "You advised us not to dispose of our machinery but to hold it until such time as you placed an order with us. Therefore by right you should pay at least something for maintaining our plant and machinery up to this time". Is that the situation or not?

Mr. Howe (Port Arthur): Well, no, I think that is putting it too strongly, really. They came to me and wanted to know what the view of the government would be about a prospective sale they had to another government. I said this government would not like it. I did not intend to intimate that if they did not make the sale we would probably use the machinery. I did not suggest that for a moment. Nevertheless, while we were unwilling to take any risk on having the machinery maintained in 1945, when we realized in 1949 that we were going to need the plant we took a different view of the situation. We felt something should be done to put the plant on something resembling a basis of equality with other plants and that we should bear a portion of the cost of maintaining the plant during the period it was closed down. That decision was made in 1949, but it was not determined by anything said in the past; at least I did not so consider it.

Mr. Johnston (Bow River): I have another question to ask the minister, and it does not relate to Sorel Industries. I notice in the estimates that the amount to be paid is $22,002,628. I wonder if the minister could tell us the share each of the provinces receives out of this estimate?

Mr. Howe (Port Arthur): I am afraid we cannot make a provincial breakdown. The difficulty is that the main contract is placed in one province but subcontracts may go to other provinces. Raw materials, for instance, may come from other provinces. We find we cannot make a breakdown concerning

defence purchasing that means very much as far as a division among the provinces is concerned.

Mr. Johnston (Bow River): I do not expect the minister could go into a detailed division, because I understand raw materials may come from one place and other materials from another; but I should not think it would be very difficult for the minister to say what portion of the contracts that are let are allocated to the various provinces. How much was given to Alberta, Saskatchewan, Ontario, Quebec, and so on? I would think that information would be very easy to obtain.

Mr. Howe (Port Arthur): We do not keep records in that way for the reason given. For instance, a great many companies maintain head offices in Ottawa and their contracts are signed here. So far as we know they are Ottawa firms, but if we trace it back we find they are not Ottawa firms; they may be Halifax firms, for all we know. The records of the department just do not allow an accurate breakdown of work as between the provinces.

Mr. Johnston (Bow River): Perhaps I could put it this way. It is not my purpose to embarrass the minister, but I should like to know what share of this $20 million-odd is received by industries in Alberta. I do not think we get any of it. It seems to me that this is an opportunity to encourage industrial development in all the provinces.

Mr. Howe (Port Arthur): My hon. friend realizes that this $22 million is really an administration vote. It does not buy anything. There is $6 million for departmental administration and payments to Canadian Commercial Corporation and other corporate agencies for services provided in connection with defence purchasing and production. That is practically all spent in Ottawa; a little perhaps elsewhere. There is an amount of $500,000 for care, maintenance and custody of stand-by defence plants, buildings, machine tools and production tooling. That depends on where the closed-down production plant is; it could be traced, perhaps. There is $7,500,000 for capital assistance. That varies from year to year. The bulk of it is in connection with the CF-105 program and it is mostly spent in the province of Ontario; I should think it is practically all spent there. The payment of grants to municipalities in lieu of taxes on crown-owned defence plants is spread around the provinces, and that would apply wherever there are government-owned defence plants.

Under crown companies there is Defence Construction Limited. Some of that has probably been spent in Alberta. That is the work of supervising defence contracts that occur during the year. Then there is Canadian Arsenals Limited. I do not think there is any arsenal plant in the west now. There used to be one at Calgary but there is none there now. I should not think that any of that is spent in Alberta. I should think my hon. friend is correct in saying that practically none of this vote is spent in Alberta.

Mr. Hahn: On the question raised by the hon. member for Bow River, I referred during another debate to sessional paper 237A, in which it was estimated that British Columbia was going to get $221,000 in defence production. I am wondering how they arrived at that particular figure in view of the answer that was given to the hon. member for Bow River. Referring to that specific figure at this time, it strikes me as rather difficult to understand. Here is a province, as I said in another debate, with one-tenth of Canada's population, getting an appropriation of approximately $221,000, which must have been arrived at by this department or it would not have appeared on the sessional paper, out of a total of some $22 million. That would be about 1 per cent of the total.

My question is this. I am wondering what consideration, if any, is given the placement of these contracts on a geographical basis. I am thinking more particularly, of course, not just of the net returns that are received by a province but of the matter of defence itself, and the fact that it would help labour in some of the more distant areas. I am not thinking specifically so much of the case of British Columbia; it could apply to any one of the provinces.

It would seem to me, whilst I can understand the minister's explanation up to a point, that here we have an instance of a contract possibly being let in Ottawa and then sublet in British Columbia. Indirectly they are getting some of it, and if the main office for that particular company happens to be in Ottawa, then British Columbia would be directly benefiting from it. But you have instances such as took place last year, where a firm in Quebec—I forget the name—was given a contract to make pallets. I understand they made some 750,000 in Quebec and sent them around through the Panama canal or some other way to British Columbia to be used in North Vancouver. It seems to me that there was no subletting of a contract there. Where we have the lumber and everything else required, I was wondering why these things are not let on a geographical basis.

Mr. Howe (Port Arthur): When my hon. friend suggests that British Columbia does not get its share of defence contracts, I

think he is hardly giving his province proper credit. For instance, I think British Columbia has a good share of all the naval shipbuilding in Canada, and shipbuilding is a very big part of defence. It has a very good share of defence airports. Of all the installations for defence throughout Canada, I think British Columbia has had its full share.

As far as the much discussed pallets are concerned, the fact of the matter is that we called for tenders for pallets delivered at Vancouver. We found that a firm in Quebec could make the pallets in Quebec, pay the freight to Vancouver and beat the price of pallets made in Vancouver. We did not believe it when we got the answer, but we found that it happened again, and so we placed the order accordingly. We are given a delivery point, and the terms of purchases are freight paid to delivery point, we think there is no reason to give the local manufacturer the job of making the pallets at an increased cost in spite of the advantage he gets from being on the spot rather than being 3,000 miles away.

Mr. Hahn: I am very pleased with the answer the minister has given in respect to the pallets. It certainly explains a point that possibly contractors in British Columbia should keep in mind when they are bidding for some of these contracts.

The question I have in mind now is, how did this figure of $221,000 appear in sessional paper 237A if, as the minister says, British Columbia is getting its share of the contract? Certainly there is $22 million in contracts here. I should think that the $221,000 should include all the enterprises of which the minister spoke a moment ago. I can think of no way in which that figure would get on to the sessional paper unless it came from his department. Just a few moments ago, however, he told the hon. member for Bow River, as I understand it, that there was no way of breaking it down.

Mr. Howe (Port Arthur): The hon. member is perhaps referring to the items that I read from the estimate book. These are not expenditures for contracts; they are services. For instance, the first item is for salaries paid to people who work for the department. I suppose we have perhaps a dozen or 15 people stationed in British Columbia who draw their salaries there. The next item is care, maintenance and custody of stand-by defence plants. I do not think we have in British Columbia any such defence plants. The next item is capital assistance, but there probably does not happen to be any capital assistance provided for British Columbia for this year. The next item is grants to municipalities. They would be comparatively small.

[Mr. Howe (Port Arthur).]

I am not sure whether we have any crown-owned plants there. The next item refers to Canadian Arsenals; and the arsenals are all in the east. Then there is Defence Construction Limited. There would be a share of that spent in British Columbia. Perhaps part of the amount mentioned is for salaries for inspection of defence projects there. Those are all the items covered by the $22 million. I am not surprised that the part of this particular $22 million spent in British Columbia is as stated in the return. The greater part of it is spent in Ottawa, right in this city.

The Chairman: The hon. member for Quebec West.

Mr. Barnett: I was going to pursue the same subject, Mr. Chairman. I should like to ask one or two questions on the figures used in the debate last night by the hon. member for New Westminster, because I think it is important that we get a clear picture. I take it from what the minister has said that the $221,000 set forth in the sessional paper is a proportion of the estimates of the Department of Defence Production and does not represent the value of the contracts that were awarded by defence production on behalf of the Department of National Defence.

The hon. member for New Westminster referred to one other figure in the same sessional paper. In subsection (j) reference was made to $92,222,000 having to do with the Department of National Defence. Can the minister explain to us whether the figure of $92 million odd includes the amount spent on defence contracts in British Columbia or whether that merely represents the operating account for the defence forces located in British Columbia?

Mr. Howe (Port Arthur): I should think it would surely include defence contracts. You see, we make the arrangements for the procurement. We place the contract, but the money is paid by the Department of National Defence and the commitment is made against funds of the Department of National Defence. Therefore if that is a breakdown of national defence expenditures in British Columbia it would surely include all expenditures made by the Department of Defence Production, except the $22 million voted directly to cover administration.

(Translation):

Mr. Dufresne: Mr. Chairman, before going on to the various items, and since a general debate is allowed on the first item, I believe this is the appropriate time to speak on behalf of a group of employees who are now working for a crown company called Carde, at Valcartier. If my

memory serves me right, on September 27, 1955, a brief in favour of the 40-hour week for all employees of that company was submitted to the hon. Minister of Finance (Mr. Harris). The brief also dealt with salaries. According to the information I have received, I believe that the matter of salaries has been settled, but the employees concerned are still anxiously awaiting a decision on the matter of the 40-hour five day week.

I also understand that nearly all employees of that crown company are now on the five day 40-hour week. However, there are still a certain number, commonly known as guards, or as they are called in English, "security guards", who do not enjoy this same privilege granted to the other employees who work exactly at the same place.

(Text):

Mr. Dickey: Mr. Chairman, on a point of order, the hon. member is entering into a discussion of the Canadian army research and development installation at Valcartier, which comes under the Department of National Defence and for which the Department of Defence Production has no responsibility at all.

Mr. Dufresne: May I ask the parliamentary assistant a question? What is that factory at Valcartier which produces ammunition for the Department of Defence Production? That is the one I am talking about.

Mr. Dickey: There is an arsenal of Canadian Arsenals Limited, but my understanding is that the hon. member was referring to the research and development centre there. If the hon. member wants to discuss the Canadian Arsenals plant I suggest that the appropriate time would be to discuss it on the item in the estimates relating to Canadian Arsenals, when we will have the president of Canadian Arsenals here and will be able to deal much more satisfactorily with whatever the hon. member has to say.

Mr. Dufresne: I have no objection at all to waiting, but I do think I have the privilege at this stage of speaking on the question on which I have already started to speak. With respect to the parliamentary assistant wishing me to speak later on the subject matter of arsenals, I am ready to do so on items 91 and 92, but the fact is that I have something to say now regarding Canadian Arsenals.

An hon. Member: What about the goat?

Mr. Dufresne: We will speak about the goat at the proper time. Don't make a goat out of yourself. You are doing that too often.

(Translation):

Mr. Chairman, I will continue with these remarks.

I was saying then that I was putting the case of a certain number of arsenal employees, particularly those who are at present employed at Valcartier and who belong to the Amalgamated Civil Servants of Canada. They have asked me in fact to be their spokesman in this house in order to bring to the attention of the department the fact that they believe themselves to be victimized because, unlike all other employees in the place where they work, they do not enjoy a five day, 40-hour week.

On the other hand these employees who are commonly called guards and who work 48 hours receive no more pay than those who work 40 hours.

I am told that until last year these guards were allowed statutory holidays and, if they were called upon to work on those days, they were paid overtime. I am also informed that this practice was discontinued during this year, so that the average pay of these guards has now fallen considerably below that of the other employees who are employed in a like capacity.

I am also told, Mr. Chairman, that at Valleyfield and at St. Paul l'Ermite, the guards who, I understand, are not on the 40-hour week either, have however the advantage of getting their uniforms, buttons and insignia supplied by the company that hires them, which is not the case at Valcartier with regard to the employees I just mentioned.

I am of the opinion that those guards are entitled to the same measure of fairness as the other employees with whom they work. After all, they are not only guards. They have taken the oath of special constables, which means that their work is of an important and particularly responsible nature.

Well, I shall be told that, before giving them the 40-hour week, their number should be increased. I am all for it. It would be necessary. If the 40-hour week is applied there, their number will, of course, have to be increased. However, I do not think the government would be any poorer if it agreed to add a few members to the existing staff, in order to grant this class of employees the same privileges as are granted to other employees of the federal government.

Moreover, Mr. Chairman, a great number of employees of other departments, doing exactly the same work, enjoy the 40-hour work week.

Indeed, I am informed that some guards of the Department of Immigration and even of the national harbours board are on the 40-hour week. Moreover, I believe that the guards of penal institutions recently obtained the 40-hour week. The latter's work is therefore absolutely identical to that of guards working either for the arsenals or for crown companies.

It has often been said that the 40-hour week could not apply in certain areas because of local conditions. Well, Mr. Chairman, I believe that, as far as Quebec city is concerned, local conditions were not taken into account in the past, because most of the industrial and commercial establishments in that city do not grant the 40-hour week.

However, post office, customs and excise tax employees as well as other civil servants in various federal departments in the city of Quebec have been granted the 40-hour week.

Mr. Chairman, that is the only suggestion I wish to make at the moment. I am fulfilling a promise I made to those who requested my help. I respectfully submit to the house this matter of the 40-hour week which, I am told, is not enforced either outside the city of Quebec. However, if it is granted at one place, I believe that it should also be implemented at Quebec, but I would not like it to be done to the prejudice of civil servants elsewhere in Canada. If it is put into force elsewhere, I beg the department to grant the privilege of the 40-hour week to the employees in Quebec at the same time as it is granted elsewhere. I urge that this request be taken into serious consideration.

For instance, I suggest that the authorities of the Department of Defence Production and of the Department of Finance get together to study this matter in order to do justice to the employees I have mentioned.

Besides, I do not see why between 5 and 10 per cent of all those who are employed by the government are not enjoying the 40-hour week. Everyone should be on the same level. I therefore take this opportunity of requesting that the five day 40-hour week be granted to all civil servants, including guards employed by the arsenals and crown companies.

(Text):

The Chairman: Shall the resolution carry?

Mr. Dinsdale: Mr. Chairman, at page 23 of the report of the department there is a statement concerning government policy in making procurements in the United Kingdom as well as the United States. I notice that this year the purchases from both the United Kingdom and the United States have dropped as compared with other years. I conclude that situation results from the fact that the rate of procurement has decreased because of the decrease in demand. But in view of the over-all trade position of Canada in relation to both these countries and of our dangerous imbalance with the United States, I imagine that in the instances where heavy expenditures are involved, the policy of the Department of Defence Production is to encourage purchases in the United Kingdom as much as possible.

I wonder whether the minister can inform the committee just how the emphasis is placed with reference to the purchase of radar equipment. We are engaged in a rather large radar defence project. I imagine that much of the material must be purchased outside of Canada. Can the minister give us any details as to how much of this material is obtained in the United Kingdom or in the United States or is produced by our domestic companies engaged in those activities?

Mr. Howe (Port Arthur): As far as radar and electronic equipment is concerned, Canada produces nearly all we use. Of the small balance, the bulk comes from England. In addition to that, a good share of the equipment that is manufactured in Canada is manufactured by a wholly-owned British firm, namely Canadian Marconi; not that that makes much difference. But I would say that of the radar equipment bought by Canada and originating outside of Canada, more of it comes from England than from the United States.

Mr. Dinsdale: Is it possible to give any statistics with regard to the size of the purchases or the amount?

Mr. Howe (Port Arthur): We would have to analyse our purchases abroad and see how much of the equipment was radar equipment. It is sometimes rather difficult to determine which is radar equipment and which is something else. We often buy it as components. About all I can say is that we buy in England all the radar equipment that we can buy there. But with regard to specially designed projects, such as the mid-Canada line, there is some equipment that must be purchased in the United States because they are the only people who have

developed that particular equipment. Generally speaking, however, we make all our radar equipment in Canada.

The Chairman: Shall the resolution carry?

Mr. Harkness: On page 16 of the report of the Department of Defence Production for 1955 there is a list of ammunition of various kinds. I will not read the list, but I should like to ask the minister where this ammunition is produced and particularly what percentage of it is produced by Canadian Arsenals.

Mr. Howe (Port Arthur): Canadian Arsenals do all the filling. In the case of many types of ammunition, the components are made outside, but they are assembled and filled in the arsenals. That applies to all types of ammunition.

Mr. Harkness: There is quite a bit of this ammunition that would not be of the filled type. I refer to 30, 50 and 20 millimetre small arms ammunition, and anti-tank ammunition. Some of it would be solid shot. Has the minister any figures as to the percentage of our ammuntion production which takes place at Canadian Arsenals and as to who are the main suppliers in addition to Canadian Arsenals?

Mr. Howe (Port Arthur): I have all the information here. Some of it is marked secret and some of it is marked confidential. I will give what I can here anyway.

Mr. Knowles: Which are you giving us? Are you giving us the "secret" or the "confidential" information?

Mr. Dufresne: Give us the private one.

Mr. Howe (Port Arthur): As to the 105 millimeter shell, howitzer and gun, that is marked secret but I think I can say that the forging of the empty shell is by Canadian Car and Foundry Company, Montreal; 105 millimetre shell, semi-fixed, HE, forgings by National Steel Car Corporation, Hamilton; machining by Lindsay plant of Canadian Arsenals; 90 millimetre shell, fixed, forging and machining of the empty shell by Trenton Steel Works, Trenton, Nova Scotia; complex new type fuse by International Business Machines, Toronto. Production of filled rounds is well advanced. As I say, the rounds are filled in Canadian Arsenals plants, all of them. Three-inch 50 calibre cartridges, empty shell produced at Lindsay plant of Canadian Arsenals; three-inch, 70 calibre cartridge, Canadian Arsenals Limited. Four-inch calibre cartridges, empty shells produced by the Lindsay plant, Canadian Arsenals; 20 pounder high explosive shell, forging and rough turning by Trenton steel works, Trenton, Nova Scotia; machining of shells by Robb Engineering, Company, Amherst, Nova Scotia; 17 pounder shell, components by Acme Screw and Gear and Canada Cycle and Motor Company Limited, Toronto; shot assembled by Canadian Arsenals; filling and final assembly by Canadian Arsenals Limited; 40 millimetre cartridge, major components Canadian Arsenals Limited; 60 millimetre mortar bomb, forging and machining, Thompson Products Limited, St. Catharines, Ontario, filled at Canadian Arsenals; 81 millimetre, mortar type—is that enough?

Mr. Harkness: Yes. I do not think we need take up any more of the time of the committee going down the list. Would the minister say it would be correct to say that the actual manufacture and forging of shells, cartridge cases and so forth, generally speaking is done by private companies and the filling is entirely done by Canadian Arsenals?

Mr. Howe (Port Arthur): Yes, I said that.

Mr. Harkness: Practically none of the actual forging and machining in the making of either the shell or the cartridge case is done by Canadian arsenals?

Mr. Howe (Port Arthur): Well, the Lindsay plant is equipped to do that work and is used for odd sizes of ammunition where a contract to industry is not warranted. But generally speaking my hon. friend is correct, except for the Lindsay plant.

Mr. Harkness: Are any of the plants of Canadian Arsenals, outside of the Lindsay plant, and particularly the plants where filling takes place, equipped to do the full manufacture of these shells, or are they only equipped to fill shells?

Mr. Howe (Port Arthur): They are equipped to do all the manufacture of small arms, 20 millimetre and down, but all the artillery ammunition, no, except for the Lindsay plant.

Mr. Harkness: Apart from the small arms it has to be a matter of getting the shell or cartridge case, as the case may be, made at some forging works or something of that kind. Then also in regard to ammunition there is an item that intrigues me. There is a new type of anti-submarine projectile being produced, and I wonder if the minister could give us any information as to what type of projectile it is; and is it Canadian Arsenals that are making it or some other company?

Mr. Howe (Port Arthur): Yes. It is marked confidential, but we call it the "Squid". The empty projectile is made by Chatco Steel Products and the filling is by Canadian Arsenals.

Mr. Harkness: Is it an air to sea missile or a ship to submarine missile?

Mr. Howe (Port Arthur): Ship to submarine.

Mr. Fleming: There are certain questions I asked when I spoke in a general discussion on June 29. I wonder if the minister can now give us that information. The first question was as to the actual expenditure last year.

Mr. Howe (Port Arthur): You mean by the department or the total of all purchasing?

Mr. Fleming: By items; the expenditures were not complete when the estimates were made, and the figure as to expenditures is based upon the actual expenditures up to last autumn and then an estimate as to the expected expenditures for the balance of the fiscal year. Now could we have the actual figure with respect to each item.

Mr. Howe (Port Arthur): These are the actuals for 1955-56; vote 85, $6,391,430.

Mr. Fleming: No, that is the estimate. It is the actual expenditures that I wanted.

Mr. Howe (Port Arthur): I am told that the actual figures only came in a few days ago. We do not appear to have them properly tabulated. Will it be all right if I produce them when we sit again in this committee?

Mr. Fleming: I want them before this item is carried. I might say to the minister that on June 29 I indicated a number of questions and a number of matters on which information was requested so the minister would know what they were and his officials could gather the information together. I thought in that way we would make a contribution to expediting a review of these particular estimates. If the minister has not that one—

Mr. Howe (Port Arthur): We seem to have your other questions except that one. We do not seem to have that particular figure.

Mr. Fleming: I shall pass to another question and we can come back to that later, before this item is carried. I hope the minister will have it then. The next question I asked the minister was as to the relationship between his department and the Department of National Defence for which it is acting in so many ways as a buying agent. Is the relationship between the two departments precisely as it has been in the past?

Mr. Howe (Port Arthur): Precisely the same.

Mr. Fleming: In other words the Department of National Defence simply gives a requisition to the Department of Defence Production on which that department acts without questioning the requisition in any case?

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

Mr. Fleming: I asked a question also concerning the revolving fund in the department. I drew attention to what the report of the department has to say about the revolving fund and made a certain comment on it. The page references are 53 and 58. I asked for more information concerning the revolving fund, and the use that is being made of it.

Mr. Howe (Port Arthur): In the first place, there are inventories of strategic materials which are held as emergency stockpiles and which are subject to little or no outward movement. The second category, covering transactions in cloth and wool, involves both inventories and the sale of these items to contractors when required. While some items remain fairly static, there is a good deal of movement in and out of the warehouse. The third category covers components required in shipbuilding, ammunition, gun and aircraft programs. This is primarily a financing operation, as these items move directly from the supplier to the contractor for incorporation in the end item.

Where crown-operated warehouses are involved, a mark-up is charged, based on actual cost of warehousing and other charges. In all the other cases, actual costs of the components are charged to the revolving fund and recouped when payments are made for the end items.

The details of the revolving fund appear on page 53 of the department's annual report for the year ended December 31, 1955. Then the hon. member had some questions on the utilization.

Mr. Fleming: I will come to that. But on the revolving fund, what is the maximum at any time that has been actually committed in that revolving fund? There is a total of $150 million made available by parliament under two grants. There was $100 million by the original act, and then a further $50 million provided in vote 825 of the supplementary estimates for the year 1951-52. Is the revolving fund being used now to the same extent as formerly, or are there the same demands upon it?

Mr. Howe (Port Arthur): No; January, 1954, was the peak of the revolving fund. At that time there was $111 million out; as of March 31, 1955, $70 million, and March 31, 1956, $59 million. If the present activity is maintained or the downward tendency continues, it appears possible to operate within the statutory maximum of $100 million, and on that basis the supplemental $50 million

would seem superfluous. Incidentally, we do not keep that money in the bank in a special account. We have the right to draw down up to these limits, but, as I say, as things appear now we could drop $50 million from that authorization.

Mr. Fleming: Well, as I understand the effect of the fund, the $100 million and the amount in item 825 of the supplementary estimates of 1951-52, by reason of the provisions of the act are available for the continued operation of the revolving fund. In other words, it is not like a normal annual vote. The act itself makes provision for the addition to the revolving fund, and unless there is some amending bill brought in the $50 million continues to be available as part of the revolving fund.

It is quite clear from what the minister has said, I think, that there has been no drawing on that additional $50 million for a couple of years now, and that the commitments on the revolving fund are likely to be reduced from this point on. Therefore I raise directly the question as to whether the time has not come for the return of that $50 million. In other words, surely the $100 million in the original act would be adequate, and parliament would be justified now in withdrawing the additional $50 million as being no longer necessary.

Mr. Howe (Port Arthur): Mr. Chairman, I would not mind bringing in a bill at the next session to reduce the amount available to the revolving fund. As my hon. friend will understand, if the money is not used it does not leave the treasury. It is merely taking away the right to use the revolving fund to that extent. This department will have no objection whatever to a bill reducing the amount of the revolving fund to $100 million.

Mr. Fleming: I realize that if the money is not used it remains there unused; but my concern is to maintain the principle of parliamentary control. In regard to expenditures out of revolving funds there is, I think, a particular reason, because revolving funds sometimes are hard to reconcile with the principle of parliamentary control. We have them in several departments. For instance, we have them in the Department of Transport, and the Auditor General has been asked more than once about the operation of those revolving funds, because of the necessity of maintaining the strictest parliamentary control. That is my interest in keeping the amount available in that revolving fund down to what is reasonably necessary to meet the foreseeable requirements of the department, and I welcome the statement of the minister that he is prepared to bring forward a bill at the next session of the house to remove that superfluous $50 million.

Mr. Howe (Port Arthur): I can now give my hon. friend the information that I thought I could not give him. It has appeared from somewhere. Actual expenditures last year; administration, $5,831,835; capital assistance, $2,084,615.

Mr. Fleming: Can the minister give us the amounts of the corresponding items in order here? Item 85 is the figure of $5 million.

Mr. Howe (Port Arthur): Departmental administration, item 85, $5,831,835; item 86, $160,499; item 87, $2,084,615; item 88, $203,000; item 89, $3,388,371; item 91, $4,406,812.

Mr. Fleming: The minister has not given item 91.

Mr. Howe (Port Arthur): That is the last one.

Mr. Fleming: Item 91 is the last one? Was there no expenditure at all for item 90?

Mr. Howe (Port Arthur): No.

Mr. Dickey: That is the $1 item.

Mr. Howe (Port Arthur): That is the $1 item.

Mr. Fleming: I am always interested in getting these figures of actual expenditure, because they throw a good deal of light on the direction in which expenditures are moving. I consider it our duty to check these expenditures as closely as the rather awkward procedure in this large committee of supply permits.

Now, the book of estimates would appear to indicate that the department on this large first item of administration is budgeting for a reduction from $6,391,430 last year to $6,145,727 this year. In other words the book of estimates shows a decrease of $245,703. But it is always well to look beyond those figures to get the figures of actual expenditures, and here we find that the amount actually spent by the department, the amount that was adequate to cover all the needs of this department under the administration item, was $5,831,835, which indicates that the department this year is not budgeting for a decrease as compared with last year's actual requirements, Mr. Chairman, but that the department is actually budgeting for an increase of $314,000; for the difference between this year's estimates of $6,145,727 and last year's actual expenditure of $5,831,835, according to my arithmetic, indicates the department is asking approval this year of a sum $314,000 larger than was spent last year. Therefore I ask the minister what

accounts for the increase? Is there anything more that enters into the increase than increases in salary rates?

Mr. Howe (Port Arthur): It is an increase of about 5 per cent. I do not think you would need to go beyond the increase in salary rates to make up the difference of 5 per cent.

Mr. Fleming: The number on the staff of the department is almost the same as the year before, according to the book of estimates. If the minister says this is simply an increase in salary rates that is his explanation, but I do draw attention to the fact that on this item the department is budgeting not for a decrease, as the book of estimates would indicate, but for an actual increase over last year's expenditure.

The next question, Mr. Chairman, was in regard to the basis of purchase. I drew attention to the sentence on page 24 of the annual report of the department, which reads:

> With the increase in Canada's industrial defence potential it has been possible to purchase more goods in Canada, to increase the number of cases in which contracts are placed on the basis of competitive tender, and to move from cost plus to target price or negotiated firm price contracts in those fields in which Canadian firms have gained more operating experience.

Looking at that statement I asked, as indicated at page 5524 of *Hansard,* for detailed information on the number and value and proportion of the total of contracts placed on competitive tender and the numbers and amounts and percentages of those placed on a cost plus basis, or a target price basis, or negotiated firm price basis.

Mr. Howe (Port Arthur): Yes, Mr. Chairman. For the fiscal year ending March 31, 1956, over 116,000 orders were placed as a result of competitive tenders. In terms of value these contracts represented about 60 per cent of all contracts placed by the department during that period, a very appreciable improvement over the previous year when some 30 per cent by value were based on competitive tender.

The analysis of non-competitive or negotiated contracts for the last fiscal year shows that most of these contracts in terms of value were placed by the head office of the department. Contracts amounting to $242 million were in this category, while the balance of non-competitive contracts amounting to $11 million were placed by the district offices of the department.

Of the $242 million, $41 million were on the basis of firm price, $55 million were on the basis of cost plus, $14 million were ceiling contracts and $2 million were target price.

Mr. Fleming: Would you give the third figure again, please?

[Mr. Fleming.]

Mr. Howe (Port Arthur): Fourteen million dollars were on ceiling contracts. The balance of $130 million were placed on a price to be negotiated basis and have not been finalized.

Of the $11 million placed by district offices no breakdown is available, but most of these contracts would be under $10,000 and would be for items for which there is only one source of supply; for instance, spare parts for the repair or maintenance of items used by the services.

I would like to point out that because a contract is negotiated it does not follow that the terms are less favourable to the government. Rates of profit are maintained at fair and reasonable levels, and in many cases the department is receiving discounts that are equal to or more than those allowed by the contractor to his most favoured customer. Moreover, in most non-competitive orders an audit is performed and certain qualifications are imposed by the department on the determination of the costs upon which the agreed rate of profit is to be applied. Does that answer the question?

Mr. Fleming: Yes. I thank the minister for that information. There is one thing I did not get clear as the minister was reading over the figures. I believe the minister said that 116,000 orders were placed as competitive orders which constituted 60 per cent of all contracts. Was that in number or amount?

Mr. Howe (Port Arthur): By value.

Mr. Fleming: I am sure, Mr. Chairman, that all hon. members would be glad to see an increase in the proportion of total business the department is doing which is now being done by competitive tender. May I ask the minister if the outlook is such that he considers this desirable trend may be expected to continue?

Mr. Howe (Port Arthur): Well, it is doubtful. For instance, all the equipment for the mid-Canada line is very secret and the location of the sites is secret. It is impossible to do other than negotiate a contract. The CF-105 is similar, and we are breaking new ground there with a new aircraft. It is quite impossible, of course, to get anything like a target. All you can do there is proceed on the basis of cost plus until you get to the production stage; then after that there is a target arranged for a certain number of planes and a lower target is arranged for subsequent ones as the curve goes down. For defence procurement there is a limit to the amount of equipment that may be purchased by competitive tender. It means there must be at least two sources of the material before you can get competitive tenders.

Mr. Fleming: Are we to infer that the minister thinks we now have hit the maximum in the proportion of contracts placed by competitive tender?

Mr. Howe (Port Arthur): No, but we have hit a level where I would say it would be a toss up whether the percentage for next year would be greater or less. It depends entirely on the predominance of the work and the nature of it.

Mr. Fleming: The next question relates to the Defence Production Act. As indicated at page 5523 of *Hansard,* I asked the minister how many orders have been made under that act, and I asked for their listing or classification under the various sections of the act. In other words, as I said at that time, what orders have been issued under each of the sections of the act conferring powers upon the government or the minister?

Mr. Howe (Port Arthur): No orders are now in effect.

Mr. Fleming: Excuse me, but the period I have in mind would be, let us say, from the beginning of 1955. If the minister has more figures we had probably better hear them first.

Mr. Howe (Port Arthur): All the orders were revoked before 1955. There are no orders now in effect. The only orders issued under those sections of the Defence Production Act conferring powers on the Canadian government or the Minister of Defence Production are those covering the designation and control of essential materials. These consist of orders in council under section 30 of the act and orders of the minister under section 31 of the act. Other sections of the act referred to above are 21, 23, 24, 26, 27, 28, 29 and 33. No orders were issued under any of these sections.

I can give my hon. friend a list of the orders that have been issued since April, 1951, to May 31, 1954. The last one was issued on May 31, 1954.

Mr. Fleming: Perhaps it might be convenient, Mr. Chairman, and would save time, if the list were put on *Hansard* without taking the time to read it, if that is the wish of the committee.

Mr. Howe (Port Arthur): They have all been revoked and I doubt if it is worth cluttering up *Hansard* with that information. There is a long list here, but they are all orders that expired not later than 1954.

Mr. Fleming: I would be satisfied if the minister could supply a copy to those hon. members who are interested.

Mr. Howe (Port Arthur): I will be glad to do so. I will give my hon. friend this copy if he wants it.

Mr. Fleming: Mr. Chairman, it is six o'clock and I would just make this one comment on the minister's last answer. It has not been found necessary by the government or the minister to issue a single order under this act since the debate a year ago on the continuation of the minister's powers under this act, and I think that is an eloquent tribute to the position taken by the opposition at that time on this matter.

Some hon. Members: Oh, oh.

The Chairman: Shall the resolution carry?

Mr. Fleming: No. It is six o'clock.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Harris: We shall continue tomorrow with these estimates and then take the estimates of the Department of National Health and Welfare and the C.B.C.

It being three minutes after six o'clock the house adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Thursday, July 26, 1956

The house met at eleven o'clock.

HOUSE OF COMMONS

DISTINGUISHED VISITOR—THE PRIME MINISTER OF AUSTRALIA

Mr. Speaker: May I be allowed to draw to your attention the presence in the diplomatic gallery of our dear old friend Right Hon. R. G. Menzies, Prime Minister of Australia. On the occasion of this trip he is accompanied by Mrs. Menzies, and to both him and Mrs. Menzies we wish a hearty welcome and a pleasant stay in our country.

(Translation):

We rejoice in the fact that the right hon. Prime Minister of Australia is to be honoured by old Laval University, of Quebec. His name will be written into the roll of those statesmen who have been similarly honoured, either for their scholarship or in recognition of their services to humanity or to the cause of peace, and who deserve our confidence, our friendship and our admiration.

(Text):

PRIVILEGE

MR. GARSON—REFERENCE TO PRESS REPORTS OF REMARKS IN DEBATE ON JULY 24

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, I rise on a question of privilege. The Ottawa *Citizen* and the Ottawa *Journal* in their evening editions of yesterday, July 25, 1956, have both attributed to me assertions which I did not make—indeed almost the exact opposite of what I made—in debate in this house on July 24, 1956. The *Citizen* said this:

> Justice minister Garson has told the Commons that pollution of the Ottawa river could be controlled or eliminated through the Criminal Code.

The *Journal* said:

> Pollution of the Ottawa river could be eliminated or controlled through prosecutions under the Criminal Code of Canada, Justice minister Garson has advised the Commons.

What I actually said, as reported at page 6388 of *Hansard*, was this:

> As I have stated on previous occasions on which we have considered this matter, I do not think a satisfactory solution to this problem can be found by proceedings in the criminal courts. That, of course, has been the view of the government all along and it is still our view.

I concluded my remarks with a review of the progress that had been made in controlling the pollution of the North Saskatchewan river during the past year and then, as reported at page 6392 of *Hansard*, I said this:

> I think, Mr. Speaker, that my hon. friend himself will agree—

I was referring to my friend the hon. member for Prince Albert.

> —there is more in that one statement—

That is the statement I have quoted of the progress that had been made in the preceding year.

> —in the way of progress in the control of the pollution of the North Saskatchewan river than my hon. friend can achieve in a dozen criminal prosecutions, whether under the existing law or under the amendment which he has moved and which I think is totally unnecessary.

The hon. member for Prince Albert had urged the house to amend the common nuisance section of the Criminal Code to make it possible to prosecute a corporation which puts into the North Saskatchewan river at Edmonton a polluting material which, flowing down that river into the province of Saskatchewan, creates a common nuisance in Prince Albert. He asked for support for this amendment upon his allegation that under the present law the corporations located in Edmonton within the jurisdiction of the courts of Alberta could not be prosecuted in those courts for the indictable offence of a common nuisance which they had created in Prince Albert, Saskatchewan, within the jurisdiction of the Saskatchewan courts. I opposed the hon. gentleman's amendment upon the ground that section 419 (b) of the new code provides as follows:

> For the purposes of this act . . .

I am just reading the relevant words.

> . . . where an offence is commenced . . . within one territorial division and completed within another, the offence shall be deemed to have been committed in any of the territorial divisions.

A territorial division includes a province.

This is not only the law now but in a somewhat different wording it has been the law for many years before the new code was passed. The corresponding section of the old code was section 584.

But because it is possible to prosecute a corporation or municipality which commits a common nuisance by putting a polluting effluent into a river, either an interprovincial

river or a river wholly within one province, it does not follow that a series of prosecutions under such a law is necessarily an effective method of controlling or eliminating pollution. Indeed, we have always taken the position that it is not and that the proper method is to prevent pollution by concerted action of the municipalities and governments concerned.

MR. FLEMING—ALLEGED CHANGES IN "HANSARD" BY MINISTER OF DEFENCE PRODUCTION

Mr. Donald M. Fleming (Eglinton): I rise on a question of privilege. Yesterday afternoon following a remark made by the Minister of Defence Production, I made certain comments based upon his statement. These are found at page 6439 of *Hansard*. I will not read them all, but only one or two. I said, as reported in the second column on that page:

> The explanation given by the minister to this committee this afternoon was that this—

That was the sum of $2,880,000 that was paid as a profit to Sorel Industries Limited.

> —was paid to Sorel Industries Limited because that company was asked to keep its plant in idleness but available for military production if required.

The minister denied that that statement was true and also denied having made the statement that I attributed to him and on which I based my remarks. I added, Mr. Speaker, "that is what the minister said if the record stands as the minister made his statement this afternoon".

Now, the statement that *Hansard* attributes to the minister in this regard reads as follows at page 6433 of yesterday's proceedings:

> It—

That is speaking of the plant of Sorel Industries Limited.

> —was closed down in 1945. Very valuable machinery was available there and when it was quite obvious that we would require guns for the Korean crisis we of course were anxious to make an arrangement with Sorel that the machinery would be kept intact for that purpose.

That is what *Hansard* says the minister said, but *Hansard* is not correct. What the minister did, in fact, say is as follows:

> It was closed down in 1945. Very valuable machinery was kept there and when it was quite obvious that we would require guns for this year we of course were anxious to make an arrangement with Sorel that this machinery would be kept intact for that purpose.

I draw to your attention the fact that there are important differences between the statement the minister made and the statement attributed to him in the *Hansard* record at page 6433. I draw your attention to the fact that my statement, based upon the minister's statement, was quite justified in relation to the actual remark the minister made, for the year referred to was the year 1945.

Mr. McCann: He was talking about 1950.

Mr. Fleming: We were talking about—

Mr. McCann: He was talking about 1950, and "this year" refers to 1950.

Mr. Fleming: Apparently the Minister of National Revenue (Mr. McCann) is now going to jump in and change what was said. What was said was:

> It was closed in 1945.

The minister then goes on to talk about "this year". There was nothing said by the minister in that sentence about the Korean crisis, which came in 1950. The whole of the discussion was as to when this company was asked to keep its plant available for the government. There is the whole point, and I draw your attention to the fact somebody has changed the record of what was actually said yesterday.

Right Hon. C. D. Howe (Minister of Defence Production): May I say that I did not see the blue sheets. I believe *Hansard* because *Hansard* does represent what I did say and intended to say. I am glad I had a witness to this discussion, otherwise the views of my hon. friend might carry more weight.

However, I call your attention, Mr. Speaker, to the fact that the committee that has been examining the Sorel situation, the exact matter under discussion, met this morning and presented a report that puts no criticism whatever on the government in relation to that.

An hon. Member: It gives it no credit, either.

Mr. Howe (Port Arthur): I suggest perhaps the matter might be regarded as closed.

Mr. Fleming: The matter is not closed.

Mr. Speaker: Order. May I intervene at this moment to say it strikes me that the discussion which took place, took place in the committee of supply yesterday. I take it that as soon as we reach the orders of the day the committee of supply will resume consideration of these estimates. Now, if there is to be any discussion of the matter which has been referred to by the hon. member, I suggest it should be in the committee of supply when consideration of the estimates of the Department of Defence Production is resumed.

Mr. Fleming: Mr. Speaker, with respect, the matter is not raised now as a matter for argument. We had some argument about it yesterday. The matter is raised on a question

of privilege as to the correctness of the *Hansard* report, and the statement I made as to what the minister said is not just my recollection; it is what appeared in the notes taken by the reporter and transcribed by him.

Mr. Speaker: Following the argument we had a few months ago this session with respect to *Hansard*, I would like to inform the house again that neither the Clerks nor the Speaker have anything to do with *Hansard* whatsoever. The man in charge, the editor, has the full responsibility as to what goes into *Hansard*, and if any member makes a correction the *Hansard* editor accepts it because he thinks it is within his order of reference; otherwise he would have to reject it on his own responsibility as editor of debates.

Mr. Fleming: Mr. Speaker, I have no objection if the minister indicated that he wanted to correct the statement that he made yesterday. That could be done at any time, and no one would raise objection to it, if the minister wanted to correct in a proper way the statement that he made. But the fact is that what was taken down and transcribed has been changed, and the record as it appears in *Hansard* at page 6433 is not the correct record of what the minister said yesterday afternoon.

Mr. Speaker: Presenting reports by standing and special committees.

PUBLIC ACCOUNTS

Third report of standing committee on public accounts.—Mr. Cannon.

TRADE

CANADA-UNITED STATES—INQUIRY AS TO CONCLUSION OF TAX TREATY AGREEMENT

On the orders of the day:

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, press dispatches this morning carry a report that a tax treaty agreement has been reached between Canada and the United States. Can the Prime Minister make any comment on this report?

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, the agreement has not been completed. It is still before us for consideration, and as soon as it is completed the house will be advised.

Mr. Green: Is it expected that there will be any legislation at this session in respect of this treaty?

Mr. St. Laurent (Quebec East): The matter will have to be considered. That was the bill the Minister of Finance had in mind yesterday, but the position is not such that a bill would be justified at this moment. If the agreement is reached and there is time to consider a bill, and it seems urgent that it should be considered, the matter will be discussed in the usual way with the representatives of the various groups.

EXTERNAL AFFAIRS

MIDDLE EAST—REQUEST FOR STATEMENT ON INJURY TO CANADIAN OBSERVERS

On the orders of the day:

Mr. Solon E. Low (Peace River): Mr. Speaker, I should like to ask the Secretary of State for External Affairs whether he would comment this morning and give the house further details concerning the injury to the two Canadian truce observers on Tuesday in the demilitarized area between Israel and Jordan and, in particular, say whether truce observers are given adequate protection when they are on duty and what went wrong in this particular instance, if something did go wrong.

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, as soon as we heard of this tragic accident to two Canadian observers, and since then I have heard of one to a Swedish observer of the United Nations truce observation organization in Palestine, we asked for a report on the matter from our representative there. I have just received a telegram which does give some information on the matter, and maybe I can read it to the hon. gentleman and to the house. It reads:

The foreign ministry—

That is the foreign ministry of the Israeli government.

—advised me—

That is our representative in Israel.

—of an incident on Mount Scopus—

This, as the hon. gentleman knows, is on the outskirts of Jerusalem.

—which has resulted in serious injury to two Canadian observers, Major George Flint and Major Marcel Breault.

According to the ministry report, a group of Arab legionnaires penetrated the Israeli-occupied section of Mount Scopus on the morning of July 24, seized a house there and refused to leave it. The United Nations truce observation organization then sent in an investigating team including the two above-mentioned Canadian observers. The ministry states that the United Nations Organization declined an offer of Israeli protection that apparently was made before they investigated and that in approaching the house the mine accidentally went off, seriously wounding the two Canadians. They were transported to the hospital in Jerusalem, the new city, where Major Flint was immediately operated on and his situation is reported grave. Major Breault, although badly wounded, was in less serious condition.

The wives of the two officers have been notified of this tragic incident, Mr. Speaker.

So far as the question of protection is concerned, the officers, of course, are United Nations officers although they are of Canadian nationality and we have never had any reason to believe that the United Nations Organization was not being given the protection by the governments concerned which was available although by the very nature of their work which is so hazardous that protection could never be complete.

ISRAEL—INQUIRY AS TO POSITION RESPECTING EXPORT OF SABRE JETS

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): I should like to direct a question to the Prime Minister. Has any finality been arrived at with respect to the granting of export permits for the shipment of Sabre jets to Israel? There has been a press report that finality has now been achieved, and that is the reason I ask the question.

Right Hon. L. S. St. Laurent (Prime Minister): The press report is quite wrong. There has been no final decision made.

Mr. Diefenbaker: What is the present position?

Mr. St. Laurent (Quebec East): The present position is that the matter is under consideration and, as I have stated many times to many questions asked in the house, when a decision is reached it will be announced.

Mr. Diefenbaker: It is taking a very long time to reach a decision.

Mr. St. Laurent (Quebec East): If my hon. friend had the responsibilities we have it would take him a long time too.

Mr. Dickey: It would take him longer to get that responsibility though.

NATO—INQUIRY AS TO REDUCTION OF CANADIAN FORCES IN EUROPE

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Prime Minister or to the Minister of National Defence or to the Secretary of State for External Affairs.

Mr. Pickersgill: Make up your mind.

Mr. Knowles: I will add the Minister of Citizenship and Immigration to the list if he would like to be included.

Mr. Pickersgill: No, thanks.

Mr. Hees: He will get up and speak anyway.

[Mr. Pearson.]

Mr. Knowles: What is the government's comment on this morning's Canadian Press dispatch that the government is considering, subject to action by Britain and the United States, a reduction in the number of our armed forces in Europe?

Right Hon. L. S. St. Laurent (Prime Minister): The question of our participation in NATO and what it requires or will require to carry out our part of the obligations of that organization is always under consideration with our associates in the organization.

FINANCE

REFERENCE TO ALLEGED GOVERNMENT SURPLUS

On the orders of the day:

Mr. George H. Hees (Broadview): Mr. Speaker, I would like to direct a question to the Minister of Finance. In view of the fact that the Canadian Press this morning reports government authorities as estimating that the surplus at the end of the fiscal year will exceed $300 million, does the minister not consider that this is the time to consider substantial cuts instead of waiting for his sunshine budget?

Hon. W. E. Harris (Minister of Finance): Mr. Speaker, I have not seen the report concerned, but at any rate at $300 million the estimate is a good deal less than the figure used by my hon. friends during the recent debate.

WATER POLLUTION

OTTAWA RIVER—INQUIRY CONCERNING PROSECUTION UNDER CRIMINAL CODE

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I would like to direct a question to the Minister of Justice. I may have misunderstood him the other day when he spoke on the subject of pollution, but I did understand him to say that the present Criminal Code and the provisions thereof would meet the situation in prosecutions against wrongdoers polluting streams, and I thought the report to which he objected was substantially correct. In order to clarify it, however, I would ask the minister whether in his opinion under the provisions of the Criminal Code as they now are prosecutions could be taken in regard to what is taking place on the Ottawa river in particular whereby the waters are being so terribly polluted. Does he believe that under the law as it now exists prosecutions could take place successfully?

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, may I ask my hon. friend to clarify his question? Prosecutions for what?

Mr. Diefenbaker: Prosecutions for pollution under the law as it now exists.

Mr. Garson: My hon. friend is surely aware that we have not been discussing pollution in these present debates. We have been discussing the creation of a common nuisance through pollution, which is a very different thing from the mere act of pollution.

If I may reply to his question in terms of the common nuisance we have been discussing, then I would say, confining it to the North Saskatchewan river—and the same thing would apply to the Ottawa river if the circumstances were the same—that where a corporation or a municipality puts a polluting effluent into an interprovincial river, which effluent flowing down the river creates a common nuisance in another province, if those who are interested in prosecuting can get sufficient evidence to bring home this common nuisance that has occurred, let us say, in Prince Albert, to the corporations which put the effluent in the river in Edmonton, then under the new Criminal Code as it now stands, and indeed as it stood before we recently revised it, it is quite possible procedurally to launch a prosecution in Edmonton for the common nuisance that was created in Prince Albert.

Mr. Diefenbaker: Mr. Speaker, that is almost more involved than the minister's previous explanation. I asked a simple question—

Mr. Dickey: The hon. member is the only clear example of a common nuisance—

Mr. Diefenbaker: —concerning the pollution of the Ottawa river. Is there a section of the Criminal Code today that would permit the prosecution of wrongdoers?

An hon. Member: Is this an extension of the private members' hour?

Mr. McIlraith: Those are the rules of the Conservative party.

Mr. Garson: If the effluent was put into the river by a municipality or a corporation and it caused a common nuisance in the same province in which the effluent was put into the river, I am sure my hon. friend from Prince Albert would agree that no problem of jurisdiction would arise; for in such a case it would be possible to launch a prosecution in that same province.

Mr. Diefenbaker: Under the laws of the province.

Mr. Garson: What I have said in relation to the North Saskatchewan river applies equally to the Ottawa river in so far as section 419 of the Criminal Code is concerned, which clears up the question of jurisdiction.

Mr. Diefenbaker: That section has nothing to do with pollution.

BRITISH COLUMBIA

REFUSAL OF GOVERNMENT TO SPONSOR PORTION OF CENTENNIAL RECORD

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I should like to direct a question to the Minister of Finance, notice of which I have not given so perhaps this can be taken as notice. In view of the fact that a province can hold a centennial only once, will the minister explain why the government has declined to sponsor any pages in the British Columbia official centennial record for 1958, and will the minister reconsider the decision not to participate in any sponsorship of this centennial record of the province of British Columbia which I think is a very important province of the Dominion of Canada?

Hon. W. E. Harris (Minister of Finance): Mr. Speaker, I quite agree that British Columbia is one of the important provinces of the ten. As my hon. friend says, there are many ways of celebrating that in the course of a centennial. I have been spoken to by several members from British Columbia representing all parties in the house with regard to the matter to which my hon. friend has referred, but up to this moment I have been unable to find what are the true facts and how they came about. I shall mention this in the house later.

Mr. Winch: May I say it was under the name of Mr. C. A. St. Arnaud that the request was turned down.

Mr. Harris: I understand that a letter was written to that effect, but the matter has not been drawn to my attention. I shall make inquiry. It should be borne in mind, of course, that centennials come and go but, as my hon. friend has said, they ought to be celebrated properly if possible.

Mr. Winch: They come only once.

HEALTH AND WELFARE

BURNABY, B.C.—REQUEST FOR GRANT FOR ARTHRITIC CENTRE

On the orders of the day:

Mr. Erhart Regier (Burnaby-Coquitlam): Mr. Speaker, I should like to ask the Minister of National Health and Welfare if a health grant would be available for a treatment centre and home for arthritic sufferers

such as is planned by the New Vista society of Burnaby? Has such a grant been applied for and whose responsibility is it to make application?

Hon. Paul Martin (Minister of National Health and Welfare): Mr. Speaker, I will have to see the details of the specific project. My hon. friend was kind enough to send me some newspaper clippings but I shall have to consider all the details of the project before making an answer. In the meantime I know my hon. friend will be happy to know that the federal government has given the child guidance clinic, the mental health centre, and the Burnaby general hospital considerable financial assistance quite recently.

MILK

ONTARIO PRODUCERS—REFERENCE TO TREATMENT GIVEN DELEGATION

On the orders of the day:

Mr. E. B. Huffman (Kent, Ont.): Mr. Speaker, I would like to direct a question to the right hon. Minister of Agriculture. Is the statement of the hon. member for Oxford (Mr. Nesbitt) correct as carried in the Woodstock *Sentinel-Review* of July 20 where it is reported that the hon. member said that a deputation from the Ontario milk producers' association had appeared before the minister and were attempting to read their brief when the minister said that he was not interested in hearing about the milk industry?

Right Hon. J. G. Gardiner (Minister of Agriculture): Mr. Speaker, one of the newspapers in Toronto telephoned me last week and asked if such an incident had taken place. I stated to them that I could not remember any such incident having taken place at any time and was quite certain that no delegation had been met by me at any time in the manner suggested. I have been away since that time, having got back just this morning, when I found the following letter awaiting my return:

July 25th, 1956

Honourable James G. Gardiner,
Minister of Agriculture,
Parliament Buildings,
Ottawa, Ont.

Dear Mr. Gardiner:

This letter goes to you at this time, to express our deep regret and concern, over an article which appeared in the Woodstock *Sentinel-Review*, and the Toronto *Globe and Mail* of last Friday, July 20th. This report would indicate that a very disagreeable relationship existed between our organization and yourself and accuses you, sir, of refusing to listen to a brief which we endeavoured to present to you the preceding day, and states you were not interested in the problems of the milk industry.

You will recall that no representative of our group has met you since early in May, nor have we attempted to do so. On that occasion, while you may not have seen fit to accede to all our requests, the fact remains that we were given a kindly and courteous hearing by yourself, and on no occasion can we recall when you have treated us otherwise. Parts of this report, therefore, we deem as absolutely untrue, and grossly unfair to yourself, and we can assure you, sir, that we are making a thorough investigation to find out where and how it originated and will demand a retraction of these untruths. Trusting that on no future occasion a similar condition may arise, we remain,

Yours very truly,
Ontario concentrated milk
producers' marketing board,
President, S. George Lowry,
Secretary Treasurer, Chas. Milton.

All I wish to say, Mr. Speaker, is that I wish to thank the hon. member for Oxford (Mr. Nesbitt) for having created circumstances under which it became necessary for me to receive this kind of commendation from this organization.

Mr. A. E. Robinson (Bruce): Did the concentrated milk producers apply to the agriculture committee to put a brief before them and what reply did they receive?

Mr. Gardiner: The file was handed to me this morning and I notice there is an article in the *Globe and Mail* reporting someone who has discussed that question too. These people have some ideas with regard to it but, as was said, when this question was up in the house before—

Mr. Robinson (Bruce): I should like an answer to my question.

Mr. Gardiner: I am answering your question and shall continue if you will remain in your seat. Only one can have the floor at a time.

Mr. Lennard: Get along with it.

Mr. Gardiner: I do not remember whether it was my hon. friend or some other member but within the last two weeks a question was asked in the house by some hon. member with respect to whether certain questions could be submitted to the agriculture committee. My reply at that time was to the effect that this house can submit any question to the agriculture committee. Those questions are not submitted by outside organizations. They may be submitted by them to the house itself, and the house can submit a question to the agriculture committee. The article to which I have referred states that the only things that come before the committee are matters having to do with the west, particularly wheat. If those are the only matters that get there it is because the western members are interested in seeing that those questions are brought before the house and submitted to that committee. Any other group from anywhere in Canada can go through the

same procedure, get a matter submitted to that committee and have it discussed there, but that has not been done in this case.

Mr. Fleming: On a question of privilege, in relation to the statement the minister has made, in the absence of the member for Oxford I think I ought to say that I saw the article in the Toronto *Globe and Mail* to which the minister has made reference and the member for Oxford told me that the news report was not an accurate report of what he had said.

Some hon. Members: Oh, oh.

An hon. Member: Tell us another one.

Mr. Dickey: Any more hearsay evidence?

Mr. Speaker: Order.

Mr. Gardiner: Before we go on to any other matter I think I had better complete this one in view of the fact that my hon. friend has referred to the discussion that has just taken place. My hon. friend refers to something which was in the *Globe and Mail* and I think I should read a short statement appearing in another article in that paper. It reads as follows:

> The charge that a delegation of milk producers was turned away by agriculture minister Gardiner was vigorously denied yesterday by the head of the delegation. George Lowry, president of the Ontario concentrated milk producers' marketing board, said that the accusation made by Wallace Nesbitt, P.C., Oxford, was entirely false. Mr. Nesbitt made the charge last Friday at Woodstock in the course of an attack on the Gardiner administration.

Some hon. Members: Hear, hear.

Mr. Gardiner:

He said—

I am repeating this "he said" to call attention to the fact that "he" means the hon. member in order that there may be no misunderstanding as appeared a few moments ago as to what "this" meant. I continue:

> He said the marketing board delegates were told by Mr. Gardiner that he had no time to listen to their problems. But Mr. Lowry said that when the delegation appeared before Mr. Gardiner in May "he treated us like a gentleman. Although he didn't accede to our request for a subsidy on exportable milk products he heard us out completely. I was there."

Mr. Robinson (Bruce): Mr. Speaker, my question to the Minister of Agriculture was: Did the concentrated milk producers ask to appear before the agriculture committee and, if so, what reply was given to them? I understand that I have not received an answer to that question yet.

Mr. Gardiner: I do not recall that any such request was made. It would not necessarily be made to me, although it could be, but I am not sure whether or not such a request was made.

Mr. Charlton: I can tell the minister it is a fact that they did try to get a hearing before the agriculture committee. Is it not a fact that in order to get a hearing before that committee the request must have the approval of the Liberal majority in the House of Commons?

Mr. Gardiner: I can assure my hon. friend that if either he or I make such a recommendation at the proper time it will probably get the support of the majority.

Mr. Charlton: It has been made before.

CANADIAN BROADCASTING CORPORATION

INQUIRY AS TO CHANGE IN REGULATIONS AFFECTING PRIVATE NETWORKS

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): I should like to direct a question to the Minister of National Revenue. Is the C.B.C. contemplating any change in regulations that would permit the establishment of private networks in any form or under any circumstances?

Hon. J. J. McCann (Minister of National Revenue): Mr. Speaker, I understand that the regulations were either changed or were under discussion at the last meeting of the board of governors of the C.B.C. The matter had to do with an application on behalf of certain private stations to set up a network, and although I am not sure as to the details of the minute that was passed I think it is being done on an experimental basis for a year. However, in order to be accurate I shall review the minutes of the meeting of the board of governors and bring in their recommendation in detail at another time.

Mr. Fleming: Could the minister either table the new regulation or draft regulation or send copies to members before we commence the consideration of his C.B.C. estimates in committee of supply?

Mr. McCann: I will see that it is either tabled or put on *Hansard*.

AIR TRANSPORT

ALLEGED USE OF R.C.A.F. PLANE IN 1953 ELECTION CAMPAIGN

On the orders of the day:

Mr. C. W. Hodgson (Victoria, Ont.): Mr. Speaker, I should like to direct a question to the Minister of National Defence. On whose authorization was it that an R.C.A.F. plane flew the former minister of transport from Ottawa to Lindsay and back again and to other political meetings in July of 1953?

Some hon. Members: Oh, oh.

Hon. R. O. Campney (Minister of National Defence): Mr. Speaker, I think the hon. mem-

ber has raised this question once or twice previously. I recall that on the last occasion I reminded him that I was not minister at that time and that I have no knowledge of what he is talking about.

Mr. Hodgson: The minister acknowledged the question and said he would give an answer I have never received. While he is getting that information dug up, I should also like to know who paid for the plane and who received the money.

NATIONAL DEFENCE

WINNIPEG—ALLEGED LOW FLYING OF R.C.A.F. PLANES

On the orders of the day:

Mr. Gordon Churchill (Winnipeg South Centre): Mr. Speaker, may I ask the Minister of National Defence whether he has yet received a report concerning the alleged low flying of R.C.A.F. planes over the cities of Winnipeg and St. James. I raised the question a week ago on the estimates.

Hon. R. O. Campney (Minister of National Defence): No, Mr. Speaker. I myself have not received any report on that matter directly. There may be one in the department that has not come to my attention.

SUPPLY

The house in committee of supply, Mr. Applewhaite in the chair.

DEPARTMENT OF DEFENCE PRODUCTION

85. Departmental administration and payments to Canadian Commercial Corporation and other corporate agencies for services provided in connection with defence purchasing and production, $6,145,727.

Mr. Fleming: Mr. Chairman—

Mr. Howe (Port Arthur): I was going to answer some questions and give some information that I was asked to give at the last sitting. I do so as follows:

Statement on capital assistance to Sorel Industries Limited: The figures listed in the public accounts and referred to by the hon. member for Prince Albert include not only capital assistance to Sorel but also capital assistance to the Longueuil plant of Canadian Arsenals, together with the value of the Longueuil plant and equipment previously carried on Canadian Arsenals books and transferred to the Department of Defence Production in 1951.

The Deputy Chairman: Order.

Mr. Howe (Port Arthur): No assets have been sold to Sorel Industries Limited since 1951. The book value of capital assistance assets remains the same as it was at the time of acquisition. Depreciation is only done at the time the assets are sold. The assets are as follows:

Housing at Sorel:	
(65 houses renting at $75 to $93 per month)	$1,112,512
Capital assistance from 1951 to date:	
At Sorel, including tools and equipment	2,931,707
At Longueuil, including tools and equipment and plant alteration	2,217,180

Mr. Blackmore: Mr. Chairman, may I ask that the minister withhold his reply until it is quiet enough in the house for us to hear it.

Mr. Howe (Port Arthur): Mr. Chairman, I am obliged to take the house as I find it. I thought things were fairly calm. My friend the hon. member for Eglinton is not saying anything. That is something which is unusual.

Mr. Fleming: Don't speak too soon.

Mr. Howe (Port Arthur): I continue:

Canadian Arsenals plant at Longueuil, occupied by Sorel Industries Limited: (book value as per Canadian Arsenals records)

Land	150,062	
Buildings	1,712,353	
Equipment	6,950,591	
Raw materials	724,791	9,537,797
		15,799,196

That is the figure in the statement presented by my hon. friend as charged to Sorel Industries.

Mr. Diefenbaker: Would the minister allow one question there?

Mr. Howe (Port Arthur): Certainly.

Mr. Diefenbaker: On page DD-19 I note that Canadian Arsenals Limited, Ottawa, is all together in one item and that the amount under investment is given as $107,711,637. Does the minister say that, in so far as the public accounts are concerned, that figure or total for Canadian Arsenals Limited of $107,711,637 does not include Canadian Arsenals at Longueuil?

Mr. Howe (Port Arthur): That is correct. I was tracing down the figure that my hon. friend referred to yesterday, namely the $15,799,196. That included Longueuil. The figure he has just given does not include Longueuil.

I also have a breakdown of the figures on rehabilitation costs at Sorel Industries Limited. It is as follows:

Boarding houses	$215,000
Shop rehabilitation	680,000

(includes repairs to furnaces, electric and plumbing systems, purchasing such items as wire mesh, lumber, steel ingots, plates or castings, machinery parts, etc., and labour costs.

The above figures are approximate only as it would entail going through a large number of audit accounts to obtain the exact figures.

I also have a breakdown of figures in public accounts for fiscal year 1954-55 at page DD-21. It is as follows:

Sorel Industries Limited:	
New machinery, equipment and plant alterations at Longueuil	$584,578
New machinery and equipment at Sorel	346,843
	$931,421

I think I have answered the questions I was asked.

Mr. Fleming: When the committee rose at six o'clock yesterday, Mr. Chairman, I had been asking a series of questions about matters pertaining to the administration of this department. We had reached the point where the minister was answering a question I had asked about orders in council and the minister's orders issued under the Defence Production Act. From the table which the minister had before him it is quite clear that no orders have been issued under this act since June 1, 1954, and that the orders in council that had been made prior to that time have all been allowed to lapse. I do not intend to launch into a long discussion on that particular subject, except to point out that it is the clearest kind of answer to the case which the government put up in this house a year ago when asking for continuation without limitation of the absolute powers that were vested in the governor in council and in the minister by that act. They have given their own answer now. The government have not found it necessary to pass a single order in council since June 1, 1954; every order in council that had been made prior to that time has been allowed to lapse and is not in effect; and the minister's orders under that act, as we see from the table the minister has before him, have likewise expired. Clearly, a great deal that was said last year by the government on the subject of the necessity of the continuation of these powers, without any trammelling or limitation, has been proven now to be utterly without foundation.

I come now to the question of house construction carried on through this department and its agencies. I should like to ask the minister how many housing units were constructed during, let us say, either the calendar year or the fiscal year on whatever basis it may be made up, and what was the cost of the housing?

Mr. Howe (Port Arthur): The Department of Defence Production does not build houses in cities. We build accommodation up around the mid-Canada line and some remote areas, but the agency responsible for building housing for the armed forces is Central Mortgage and Housing Corporation.

Mr. Fleming: Does the minister say that Defence Construction Limited is not taking any responsibility in connection with the construction of housing for the armed forces? My understanding has been that, while they farmed that work out to Central Mortgage and Housing Corporation, nevertheless the residual responsibility rested with Defence Construction Limited which is, of course, responsible to the Minister of Defence Production.

Mr. Howe (Port Arthur): No, Mr. Chairman, the responsibility was transferred from the Minister of Defence Production to the Minister of Public Works some years ago by an order in council prepared by myself. We always try to get the agency most capable of doing the work given the responsibility for it.

Mr. Fleming: May we take it that Defence Construction (1951) Limited now has no responsibility whatever in connection with any program for construction of housing quarters for the armed forces or for any government enterprise or agency that is responsible to the Department of Defence Production?

Mr. Howe (Port Arthur): Except, as I said, there is some housing required in connection with stations on the mid-Canada line and also stations on the "Pinetree" line. What we are providing there is accommodation. We do not provide separate housing, but we do provide accommodation at isolated points on projects of that type for which we take full responsibility.

Mr. Fleming: That is not married quarters in any sense; that is just for individuals?

Mr. Howe (Port Arthur): Yes.

Mr. Fleming: There are several other specific questions I should like to ask in regard to last year's expenditures. If the minister will turn to page 170 in the book of estimates, there are several items there about which I should like to ask.

The first total is the sum of the salaries for full-time positions. The next line reads, "less anticipated savings due to staff turnover, $200,000." This is an increase of $60,000 over the estimate for the year before, which was $140,000. Can the minister make some comment on the rapidity of turnover in this department. That seems to indicate that there are going to be more savings due to staff turnover, which I presume means more vacancies in the course of the turnover. We

were given to understand last year that if the department were put on a permanent footing, it would dispose of the uncertainty of employment of the members of the staff and result in greater stability within the staff. Will the minister explain this increase?

Mr. Howe (Port Arthur): Yes, a great number of our officers are technical men, particularly engineers. The turn-over in engineers does not arise from any lack of security in their government jobs. It arises from the fact that employers outside of government pay them twice as much as we do. We are constantly losing key personnel. This is one of the great difficulties. We recently lost the director of our aircraft division. I believe he was offered about 2½ times what we were paying him. This $200,000 is an estimate of the vacant positions we will have on an average during the year.

Mr. Fleming: My point was, does the increase in the estimate in this respect indicate that more staff turnover is expected in this fiscal year than occurred in the last fiscal year? Is this problem of the loss of technical personnel becoming greater?

Mr. Howe (Port Arthur): Yes, it becomes more serious every month. The demand for trained personnel is terrific and the salaries paid by private industry to get top, key men astonishes me. I thought I was hardened a bit to engineer's salaries, but I must say the modern generation's estimate of them is much higher than I ever thought.

Mr. Fleming: The next item is two lines down, "Less salaries of Employees of Cloth Warehouse, $116,468." What is the explanation of that deduction?

Mr. Howe (Port Arthur): That is charged to the operation of the revolving fund. We have a markup on our cloth covering the cost of warehousing and the cost of the salaries of the people engaged in the warehouse are charged to that item.

Mr. Fleming: The form of the estimate indicates that this is a new type of deduction. Has there been a change in the method of dealing with this matter?

Mr. Howe (Port Arthur): It does not represent a change in the system. It has been suggested that previously it was done by a transfer at the end of the year. In other words, we obtained from the cloth account an amount equivalent to the payment of this commission, but we are not sure of that. We would need to explore that a little more fully. It is an accounting matter and I would want to get the accountant's view. In any case, we have always charged the cost of operating the cloth warehouse to the revolving fund and made a countercharge in the sale price of the cloth to cover it.

Mr. Fleming: The next question is about an item two lines farther down, "living allowances", indicating an increase from $85,000 last year to $90,000 this year. Could the minister explain that increase?

Mr. Howe (Port Arthur): Yes, that covers the allowances for offices abroad. There are new offices in the United States, somewhat larger offices in England and on the continent. It is a supplement to the salaries that are paid to people abroad.

Mr. Fleming: I take it that this increase is attributable to either the enlargement of the staff or the opening of new offices abroad for purchasing personnel?

Mr. Howe (Port Arthur): It is really due to opening offices at Dayton, Ohio, and Philadelphia; more personnel in the United States.

Mr. Fleming: It is for purchasing personnel?

Mr. Howe (Port Arthur): Yes, purchasing or selling; one or the other. Most of our aircraft orders or orders for electronic equipment come from Dayton which is the headquarters of the United States air force and Philadelphia is the purchasing centre for the navy.

Mr. Fleming: Then, three lines farther down we have an item, travelling expenses, $200,000. May I ask what was the actual expenditure in the last fiscal year ended March 31, 1956?

Mr. Howe (Port Arthur): It is $173,157.

Mr. Fleming: What is the reason for the contemplated increase this year, then? Is there going to be more travelling done? I thought the indication was that probably now the work of the department in relation to defence had been well advanced and there would probably be less of this type of work to do than in recent years.

Mr. Howe (Port Arthur): No, Mr. Chairman, that is not the case. I think our work this year was at the peak of all the years, taking into account the mid-Canada line. It is not so much the volume of the work as where the work is located. This is an estimate by our staff of the probable amount required to cover travelling expenses. If we do not need it we return it to the treasury.

Mr. Fleming: The last item on the list is "Sundries, $90,000". I ask what it covers and what was the actual expenditure last year on the item?

Mr. Howe (Port Arthur): It was $64,992. The item provides for unforeseen and other items which do not come under the headings of special categories.

Mr. Fleming: Can the minister be a little more specific as to the sort of thing that the sum of $64,992 was expended on in the last fiscal year?

Mr. Howe (Port Arthur): Yes, I can give that information. Provision for 16 impressed accounts last year amounted to $15,250; services of Dun and Bradstreet, $725; payments to Crown Assets Disposal Corporation re disposal of scrap, $10,000; payments to Canadian Commercial Corporation of one-quarter of one per cent of the value of NATO procurements, surcharged by procurement services, $35,000; social security payments in France, $1,800; miscellaneous, $27,225.

Mr. Fleming: Does the minister contemplate an increase in the expenditures of that type during this fiscal year?

Mr. Howe (Port Arthur): That is what we expect. The figures I just read out are what we expect. That is the allocation for this year. The hon. member wanted the actual expenditures last year?

Mr. Fleming: Yes, I thought that was what the minister was reading.

Mr. Howe (Port Arthur): No, the proposed expenditures for 1956-57.

Mr. Fleming: What do they aggregate? Is that the aggregate of $90,000?

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

Mr. Fleming: But last year the actual expenditure was $64,992.

Mr. Howe (Port Arthur): Yes. The items I have given are the break-down of what we expect: the impressed account; we always use Dun and Bradstreet a bit in connection with our work; disposal of scrap, the same as last year. I understand that is warehouse charges in connection with scrap. Then, we pay Canadian Commercial Corporation for their procurement services for NATO work, procurement outside the usual department responsibilities; social security for our people in France, and the miscellaneous item for further items that cannot be anticipated but they do crop up.

Mr. Monteith: I think this is where questions on the Canadian Commercial Corporation would be asked. I am just curious about the statement for the year 1956. I notice that interest earned is $96,635. I am just wondering what is the basis for charging interest in this corporation?

Mr. Howe (Port Arthur): It is interest earned on bank balances. The money is often paid, for instance, on procurement for the United States, which is a very big item. Usually the payments are made before the—the Canadian Commercial Corporation pays the producer for the items. With respect to "Pinetree", for example, money was moved up in large amounts in anticipation of expenditures on the program.

Mr. Monteith: In the expenditures I notice contributions to employees' superannuation, death benefits and unemployment insurance totalled $21,995 in 1955, which is the first year the item appears in the accounts; and in 1956, it is $14,251. Does that mean that it will probably level off about there from now on?

Mr. Howe (Port Arthur): Yes, that is what we expect. We do not anticipate enlarging the staff of the Canadian Commercial Corporation. It seems to be about right for the business it is doing.

Mr. Monteith: With respect to the Crown Assets Disposal Corporation, I notice this item in the statement this year, "Provision for bad and doubtful accounts outstanding for five years or more, $45,157". Does that cover all accounts outstanding over five years?

Mr. Howe (Port Arthur): I am not sure. The Auditor General approves the manner in which the accounts are set up. I presume it is the equivalent of a businessman's provision for bad and doubtful debts. I daresay some of them will be collected. That often happens in business, I know. I cannot say other than that I can make inquiry about it later and find out for the hon. member.

Mr. Monteith: Actually, I would like to know how that amount of $45,157 is arrived at and the exact accounts going to make up that amount. I notice that it was charged to the expenses only this year. In other words, there had not been a reserve of any kind previously to March 31, 1955, and I am just interested in getting some of the details.

Mr. Howe (Port Arthur): I shall be glad to bring that down; I shall have to consult the accountants of the company.

Mr. Monteith: Mr. Chairman, there is another item in the expense account on page 30 of this statement that I am interested in, namely, "Amortization of costs of office partition, $13,205". In the previous year it was $3,877. I am just wondering why the word "amortization" is used there? I do not see any amount as deferred assets in the balance sheet.

Mr. Howe (Port Arthur): I am told it is the normal way of dealing with changes in leased premises; in other words, the changes which have to be paid for by the tenant are written off against the balance sheet in the year in which they occur.

Mr. Monteith: In other words, the full cost is charged in the year in which it is spent?

Mr. Howe (Port Arthur): I believe so, yes.

Mr. Monteith: Amortization is hardly the right word.

Mr. Howe (Port Arthur): These are all short-term leases. It is expected that when the new building on Wellington street is finished Crown Assets will then occupy government quarters, but for the past two or three years it has been occupying leased quarters, I think, in two different locations.

Mr. Churchill: Mr. Chairman, on this section I should like to ask one or two questions with regard to the Crown Assets Disposal Corporation. The corporation handles almost everything, apparently, as seen from this report, from aircraft and so on to land and buildings. In particular, I would like to know how material for disposal comes into the hands of the corporation from the defence services? Do the defence services declare the material surplus to their establishment and notify the corporation to that effect and then hand it over to them? What is the method by which the Crown Assets Disposal Corporation gets control of material from defence services?

Mr. Howe (Port Arthur): The only manner in which anything comes into the custody of the Crown Assets Disposal Corporation is through a declaration of surplus by an authorized officer of some branch of government.

Mr. Churchill: I was interested in the arms and ammunition which apparently has been declared surplus to establishment by the services, and has gone into the hands of the crown corporation. Looking back over the last five years I find that some of the surplus equipment has been disposed of by the Canadian Commercial Corporation. For example, in 1950 they disposed of a substantial number of Browning machine guns and parts but in the year 1954-55—I am going by the fiscal year ending 1954-55—surplus pistols, automatic guns, Colt shell guns, rifles and cartridges ball have all been disposed of by International Firearms Limited or Sumac Industries or Ansco Products Company.

I presume these companies perhaps bid for the material that is available from Crown Assets. I do not know, but I would like to follow that up with this question. On page 16 of the report of the department there is a paragraph concerning ammunition which indicates that production of complete rounds of ammunition increased in both volume and variety in 1955. If that is the case and if ammunition is still being produced for the services, how would it become surplus in 1955 and disposed of to the International Firearms Company in the amount of just under 400,000 rounds or cartridges ball as shown in the Crown Assets Disposal Corporation annual report for March 31, 1955, on pages 20 and 21? If the services require ammunition what type of ammunition are they declaring surplus?

Mr. Howe (Port Arthur): The Department of Defence Production would not know why the ammunition becomes surplus. All we know is that we have a declaration showing a certain amount of ammunition and its location and it is declared surplus to requirements. We do not go back of that declaration; there is no reason why we should, really. The hon. member said the disposal is carried on also by the Canadian Commercial Corporation. That is not a fact. The Canadian Commercial Corporation acts as procurement agent for foreign governments and NATO. Any ammunition they take on is to fill an order from NATO or from another government. Any declaration of surplus comes to the Crown Assets Disposal Corporation and is acted on by them.

Mr. Churchill: I understand that. I mentioned the Canadian Commercial Corporation as having, I judge, purchased from Crown Assets certain Browning machine guns in 1950 perhaps on behalf of a foreign government.

I also appreciate the fact that Crown Assets does not know why material is declared surplus to establishment but there is an overlapping here with defence production and crown assets and the defence services themselves. I am simply asking this question in an exploratory sense and now the minister has given the answer I would consequently have to go back to the Minister of National Defence to discover why he found it advisable to dispose of approximately 15,000 revolvers within the last two or three years and 400,000 rounds of cartridges.

There is just one other question along that line. The prices to the purchasers seem to be very reasonable. I take it that in the report of the Crown Assets Disposal Corporation on page 20, where about ten lines from the top cartridge ball is mentioned and in brackets the figure 311,900 appears it would represent the quantity, and the price is shown as being $4,751.51, which means that these cartridges are selling for one and a half cents

apiece. I have no idea whether that is just the bid the corporation gets for this material or whether it is the price they set on it but certainly the ammunition is selling very cheaply.

It would be very interesting to know what that ammunition cost when the Department of Defence Production was producing it and it would also be interesting to know what the pistols cost which were selling in 1955 for $3.75 or $7.40. These prices must be just a fraction of the original cost of the ammunition and the revolvers.

Mr. Howe (Port Arthur): Mr. Chairman, in selling revolvers my hon. friend will appreciate we do not sell them from door to door. We must be very sure of the disposition of the revolvers we sell, and very often they are sold with an undertaking that they will be mutilated and converted into scrap. Where we have an article that can be sold freely we must call for tenders and advertise the sale and the company accepts the highest tender. I have no way, and I am sure my hon. friend has no way, of knowing the condition of the ammunition. It may have deteriorated. I think a good deal of ammunition does come for disposal due to the fact that it is over age and therefore not serviceable for the armed services. Whether this is a part of that, I cannot say, but the rule of the Crown Assets Disposal Corporation is that every sale is advertised in the newspapers and the highest bid is accepted.

Mr. Green: There is one point on which I would like some information and that is the operation of the mid-Canada line. What are the plans for actually operating the line once it has been completed?

Mr. Howe (Port Arthur): Mr. Chairman, the line is now being constructed and the management agency for the construction is the Trans-Canada Telephone Company. They have designated the Bell Telephone Company as the agent for the company in charge of this particular project.

The line is due to be put into operation on January 1 next. That date still seems to be valid and is the original date planned. So far as I know it will be carried out. Nevertheless the construction of the line will not be fully completed for another several months. There will be testing of equipment required and tuning up and that sort of thing. It is the proposal of defence production with the concurrence of the services to arrange an operating contract with the Trans-Canada Telephone Company for the first three years and that contract is now being negotiated.

I think my hon. friend would agree it would be a tragedy to have one organization building the line and another organization operating it. You would have a gap there which I think would be dangerous for the owner and that is what we are trying to arrange for by this negotiating contract.

Mr. Green: Does that mean in effect that the Bell Telephone Company will be operating the line?

Mr. Howe (Port Arthur): Yes.

Mr. Green: What companies make up the Trans-Canada Telephone Company?

Mr. Howe (Port Arthur): B.C. Telephone Company, Alberta Government Telephones, Saskatchewan Government Telephones, Manitoba Telephone System, the Bell Telephone Company of Canada, New Brunswick Telephone Company Limited and Maritime Telegraph and Telephone Company Limited. While Bell is the agency for having the work done under the contract, all these companies make a contribution to the work. For instance, if we are building a station in northern Alberta, Alberta Telephone supply the equipment and men needed in constructing and operating the line. It is expected that Bell will draw on all the companies making up the Trans-Canada telephone system. The manning is quite a problem as provision must be made for rotation. I doubt if technical men can be kept in the north for more than one year at a time and it is quite important that the company which undertakes the operation be able to rotate employees so that an employee leaving the line will not be out of a job. That is the advantage of having Trans-Canada Telephone.

Mr. Green: Will there be any civilian use permitted of the mid-Canada line?

Mr. Howe (Port Arthur): No, it is restricted now and I think it always will be restricted to military use. The communications system must be instantly available in case warning is given anywhere on the line and it must not be cluttered up with civilian messages or the staff supposed to be watching for military messages must not be worrying about civilian messages.

Mr. Green: Is there more equipment being installed than is required for defence purposes?

Mr. Howe (Port Arthur): Just the minimum for defence purposes.

Mr. Green: Can the minister give the approximate number of men required to man the line?

Mr. Howe (Port Arthur): Approximately 800.

Mr. Green: That would be entirely civilian staff?

Mr. Howe (Port Arthur): That would be entirely civilian staff. In addition the R.C.A.F. will have men on the line to the extent required for the military use of the line. In other words, at probably each main station an R.C.A.F. technician will be in charge, but that is simply to make sure that the operation ties into the requirements of the R.C.A.F. and the U.S.A.F. The headquarters for air defence are in Montreal and at defence command at Colorado Springs.

Mr. Green: At all events the manning group would be mainly civilian personnel?

Mr. Howe (Port Arthur): There would just be air force personnel in charge to maintain military control. I do not know how many there would be, but I think the number would be quite small.

Mr. Dinsdale: Is there any question as to the civilian use of the mid-Canada line? Could not some navigational aids be given through the facilities of the line, particularly in connection with search and rescue operation?

Mr. Howe (Port Arthur): Perhaps it could be used in emergency for search and rescue or something of that sort. It is not designed to have any commercial use whatsoever. In other words, while the communications are there, if a man drops into a station and wants to send a radio message home, that would be barred.

Mr. Dinsdale: Are not search and rescue operations tied into the communication facilities of the mid-Canada and other lines?

Mr. Howe (Port Arthur): I am not aware of it. That is something I would not know about as it is a military matter.

Mr. Hamilton (Notre Dame de Grace): A moment ago the minister said that a contract was being negotiated with the Trans-Canada Telephone system and I should like to know if that company has been given definite assurance that it will have the operation of the line?

Mr. Howe (Port Arthur): I dare say they suspect that we want to bring that about, but it will depend entirely upon whether we can negotiate a satisfactory contract. If we cannot we will try someone else.

Mr. Hamilton (Notre Dame de Grace): Within the framework of that answer, that the company has not been given any assurance that they will have the operation of the line and that there is a possibility the contract might be awarded to someone else, I should like to draw the minister's attention to an article which appeared in the Montreal *Monitor*, a very fine weekly newspaper which carries a number of interesting features and news about Montreal generally. On page 3 of the issue of July 9 will be found a series of photographs of men training for the operation of this line under the aegis of the Bell Telephone Company of Montreal, as agents for the Trans-Canada Telephone system. While the article gives prominence to the fact that the line is now being constructed by this organization, it contains this paragraph which I think is interesting:

> The mid-Canada line, which will be over 3,000 miles long, is being built, and eventually will be maintained, by the Trans-Canada Telephone system.

Further on they give a description of the work and training of these people and then the article states:

> He will co-ordinate equipment installation, operate the electronic apparatus and keep it in working condition.

I must say it is most interesting to find that a company which has been given no assurance whatsoever that it is going to get the contract and therefore can have no positive expectation that it will get the contract is already training men to carry out the provisions of that contract. I am just wondering whether in the light of the minister's observations and the effect of what we see here there may be something else the minister could inform the committee about as to perhaps some other indication the company has had that they are going to have the operation of this line.

Mr. Howe (Port Arthur): The explanation is quite simple. The management contract presently in force between the government and the Trans-Canada Telephone system provides that Trans-Canada will train men for operating the line, for installing the equipment and maintaining the line. That is under their present contract. That must be carried out well in advance of the take-over of the line by the management contractor. Bell, I think, have no assurance at the moment which would allow them to undertake work for any new contract. Perhaps they are sure enough that we can arrive at an agreement to venture out, but it does not sound to me like the Bell Telephone Company. I cannot be responsible for the article which my hon. friend read from the very fine weekly paper, but those are the facts.

Mr. Hamilton (Notre Dame de Grace): The minister made his statement and then he hesitated for a moment, stating that the present contract carries the provision that the Bell Telephone Company will train men to operate the line.

Mr. Howe (Port Arthur): That is an error; I said "operate" but it is to maintain the equipment, instal and maintain the equipment.

Mr. Hamilton (Notre Dame de Grace): If evidence can be introduced that the company is training men to operate the apparatus on the line it would indicate that the Bell Telephone Company for whatever reason has gone somewhat further than would be expected by the terms of the present contract.

Mr. Howe (Port Arthur): There is a lining up and testing before we can take over the line; no matter who operates the line the Bell Telephone would have to line up the equipment and test it and get complete approval of it before we would pay them for it. They are also training air force personnel in the same school and for the same duty. I have no reason to believe that the Bell Telephone Company is operating outside the requirements of their present contract with the government. If they are, the government, of course, has no responsibility for the costs involved.

Mr. Green: What is the latest estimate of the total cost of the mid-Canada line?

Mr. Howe (Port Arthur): It has not changed. It is $170 million.

Mr. Hamilton (Notre Dame de Grace): I have a couple of fairly short and simple questions. On page DD-14 of the public accounts for 1955 we find an item of $4,176 for removal expenses involving one employee of this department. That is a rather fantastic sum.

Mr. Howe (Port Arthur): What is the name of the employee?

Mr. Hamilton (Notre Dame de Grace): Mr. D. B. Mundy, the second column, approximately 15 names down.

Mr. Howe (Port Arthur): He was our representative in Paris and that is the cost of moving himself and his family from Paris to Ottawa.

Mr. Hamilton (Notre Dame de Grace): Farther down in the same column we find an amount of $6,348 for the living allowance of a Mr. Solly-Flood, and I am wondering whether that is a typical living allowance.

Mr. Howe (Port Arthur): The explanation is given there. That is Solly-Flood who took over the office in Paris when Mr. Mundy left. The amount of $1,666 is indicated as removal expenses and the $6,348 is the living allowance at the annual rate.

Mr. Hamilton (Notre Dame de Grace): What is the annual rate?

Mr. Howe (Port Arthur): It is set by treasury board. It is the same for all officers abroad whether they are in an embassy, a trade office or in this office.

Mr. Hamilton (Notre Dame de Grace): Earlier there was some discussion about the sale of surplus material. In that connection I am wondering whether when such material is sold there is any provision made that it should not be sold back again to the government at inflated prices or represented as new material when it is sold back.

Mr. Howe (Port Arthur): I think it is sold on the basis of *caveat emptor.*

Mr. Hamilton (Notre Dame de Grace): Which translated, and probably for the benefit of the minister himself, means, let the buyer beware. I think that is an unfortunate principle for the government of Canada to use in selling material. I should like to think we had a government that stood behind its actions rather than expecting the person who buys from it or does business with it—

Mr. Howe (Port Arthur): May I ask my hon. friend a question? Would he like to guarantee second-hand materials that are sold on a bid basis?

Mr. Hamilton (Notre Dame de Grace): No, I quite agree with the minister that I would not like to guarantee them but I would not come out flatfooted and say that I did my business in the disposal of surplus materials on the basis of buyer beware. I think there is a middle ground between no guarantee—

Mr. Howe (Port Arthur): I can assure my hon. friend that surplus materials are sold as is, where is, no guarantees of any kind, and I think the buyer is well aware of that and bids accordingly.

Mr. Hamilton (Notre Dame de Grace): That, however, was not the point. The point I was asking about was whether there is any restriction on the sale of this material which would prohibit the buyer selling it back to the government at any kind of inflated price that he is able to obtain. Let us imagine, for example, that a few months from now we are in a period of hot war in which the government suddenly requires again a great deal of this material that it has released. Can the present buyers hold up the government for any amount that they feel they can obtain or is there a clause in the contract which refers to a selling price when the material is sold back to the government?

Mr. Howe (Port Arthur): No. Materials purchased from Crown Assets Disposal Corporation are sold without restriction. There are no strings on them at all. Of course,

it could not be otherwise. How long would my friend suggest that these materials be held to make sure that they did not come back to the government? What would be the time limit on it, a five year period or a ten year period? We could not sell goods on that basis.

Mr. Hamilton (Notre Dame de Grace): I should like to make what I think is a constructive suggestion. Why is it not possible for the government in selling surplus material to include a clause in the contract that if and when that material is sold back to the government it must be identified by the seller as surplus material? I pointed out a situation to the Minister of National Defence naming specific contracts which had called for material of new and current manufacture and where, according to my information, the material sold was actually surplus material which was paid for at new and current manufacture prices.

Under the present terms that is quite legal. I do not think it would handicap the government in any way in its sales efforts nor would it be an unfair imposition on the people who buy the material to have to agree that if they sell it back to the government they must identify it as surplus material at the time of the sale. Otherwise it is quite possible for a person to sell material back to the government and the government, quite unwittingly and unknowingly, to buy it as brand new material. Is that not possible?

Mr. Howe (Port Arthur): I do not know whether or not it is possible. The government does not buy surplus material. It buys new material. Remember that Crown Assets Disposal Corporation does not handle anything that can be useful to the agency that declared it surplus. If a vendor introduces as new material articles that he got from that corporation and can palm off some of that material I should think he runs a very great risk of being cut off from future transactions with the government or the risk of prosecution if the offence is serious. My hon. friend says that we should put a tag on this material. How do we know where it goes? It is usually bought by dealers and the dealer sells it the next day. Just how would you arrange to follow that material around to enforce a provision that if it is sold by anybody to the government it should be tagged as surplus material?

Mr. Hamilton (Notre Dame de Grace): The minister says that if the purchaser of surplus material sells it back to the government he is in danger of being cut off from future government contracts, and by inference the minister indicates that the man has engaged in very unusual and unfair business practices. May I suggest that perhaps the gentleman or the company in question is operating in a business on the basis of *caveat emptor* which the minister has just recommended as being the government's own method of operation in handling surplus material.

Mr. Diefenbaker: The minister this morning answered one question I had asked but he failed to answer the other question with reference to this plant at Longueuil which he says belonged to Canadian Arsenals Limited, the equipment and plant of which was used by Sorel Industries Limited and apparently included in the public accounts as though it represented a capital advance to Sorel Industries. As reported at page 6448 of *Hansard* I asked whether any rental had been paid by Sorel Industries Limited in this case to Canadian Arsenals Limited for the equipment or the premises used by Sorel Industries Limited. Can the minister give us that information?

Mr. Howe (Port Arthur): No. The plant at Longueuil was used for reconditioning artillery sent there for that purpose by the armed services. When we found that more floor space was needed at Sorel, we moved that operation to another arsenal and turned that space over to Sorel. There was no purpose in charging rent because, had we charged rent, it would simply have come back to us in the form of cost plus profit from Sorel. We do not charge rental for government-furnished property which is used exclusively for producing government articles. There would be no purpose in doing so.

Mr. Diefenbaker: That is a very good deal for Sorel Industries.

Mr. Holowach: There is just one question I should like to ask in respect to this item. It deals with Canadian Commercial Corporation. I was wondering whether the minister could tell us something with respect to the defence procurements of this corporation. As I understand it, when the government or a foreign government has defence procurements that it desires to make in the country it acts through the Canadian Commercial Corporation and a surcharge is made on all purchases on behalf of the government or of a foreign government. Has the minister any information with respect to the total purchases made by the corporation and as to what percentages of them were for foreign governments?

Mr. Howe (Port Arthur): Yes. It is in the annual report every year. Has my hon. friend a copy of the annual report?

Mr. Hansell: He has not it at hand.

Mr. Howe (Port Arthur): It was delivered to him, I believe, when it was tabled. If he will look at page 7, he will find that whole page is devoted to that information. For instance, for the year under review—that is 1955-56—we find the following:

> The total value of supplies, services and projects contracted for by the corporation during the fiscal year amounted to $77,860,000, as compared with $92,981,700 in the previous year.

Then it breaks down that amount among United States military departments, Colombo plan, North Atlantic Treaty Organization, United Nations agencies, United Kingdom, importing of Rhesus monkeys—

Mr. Knowles: More Liberals.

Mr. Dickey: No; they were C.C.F.

Mr. Howe (Port Arthur): —and other transactions.

Mr. Holowach: I have one more question. Are the surcharges made by the Canadian Commercial Corporation insufficient to pay for the administrative costs of the department?

Mr. Howe (Port Arthur): No. They are quite sufficient for the corporation, not the department. The corporation is a buying agency for handling purchases for foreign governments or purchases by the department in countries abroad. Instead of working out government to government transactions, which is a very cumbersome method for most governments, it is much more convenient to be able to have a crown corporation handle the transactions. This method is preferred particularly by the United States. It greatly simplifies purchases when they are made from one government agency to another. Therefore we use the Canadian Commercial Corporation for that purpose; and the surcharge that it applies is sufficient to cover its costs.

Mr. Hamilton (Notre Dame de Grace): Can the minister explain to us the item "Rental of office accommodation" at $5,000? It was my understanding that all matters of this kind were handled through the Department of Public Works and were not under the jurisdiction of any other department.

Mr. Howe (Port Arthur): It is for new offices in Paris until the Department of Public Works can organize to get us offices in Paris.

Mr. Holowach: Mr. Chairman, the point I was making with respect to the question I asked was this. Since the surcharges are sufficient to meet the administrative costs of Canadian Commercial Corporation, why is it necessary to vote money for the administrative costs of this particular department? I understand that the assets of Canadian Commercial Corporation are quite substantial. I just cannot quite understand why we should be adding to their assets.

Mr. Howe (Port Arthur): Mr. Chairman, we have never voted money for operating costs. We have voted money for capital account. It takes a certain amount of capital to handle these transactions. For instance, some are paid for by the recipient government sometime after the purchases are made. Originally we had capital of $10 million. For a time during the Korean crisis we were obliged to ask for an additional appropriation. That has been returned. I think about $4 million of the $10 million has been returned to the treasury. But certainly capital is required to carry on the business. The interest on that money which is borrowed from the government is a charge against the corporation, and the fee covers the interest on borrowed money as well as the operating costs.

Mr. Low: Is the capital fund not operated as a revolving fund?

Mr. Howe (Port Arthur): No; it is not.

Item agreed to.

86. Care, maintenance and custody of standby defence plants, buildings, machine tools and production tooling, $500,000.

Mr. Fleming: I presume the trend of expenditure under this item and the next is downward and will continue in that way?

Mr. Howe (Port Arthur): We have not really had enough experience on this item. I would say it is likely to grow larger. For instance, we have a private firm that has a line of machinery set up to manufacture, we will say, 25-pounder shells. A decision has to be made as to whether that line can be dismantled and the machinery returned to whoever owns it—it is usually returned to Canadian Arsenals—and whether we can do away with the facilities. In many cases we think we can do so but occasionally we think it would be dangerous to do so. In that case we make a deal with the private company to maintain the line in operating condition so that it can be reactivated on short notice if required. The United States goes very extensively into that plan of operations. We are just feeling our way in it. We have not gone so deeply into it as yet. Just what the future will bring for us we do not know. We would not care to predict what may happen more than a year ahead.

Mr. Fleming: This item was estimated last year at $750,000. I refer to the estimate for care, maintenance and custody of standby defence plants, buildings, machine tools and production tooling. This estimate last year was $750,000. Yesterday the minister reported

to the committee that the sum expended—which is the sum actually required by the department in the light of its experience during the fiscal year—was just $160,499. We can, of course, appreciate the fact that the estimate for the present fiscal year of $500,000 was prepared some months ago when the book of estimates was under preparation. But now in the light of experience for the fiscal year ended March 31, 1956, I think it is evident that the department does not need nearly as much as it has asked for. That was the experience last year. If in this year's estimate allowance is made for a reasonable increase over last year's actual expenditure in order to cover any contingency, that ought to be enough. I again draw attention to the fact that the amount actually expended for the last fiscal year was $160,499. If the sum of $200,000 were allowed for this item, that would represent an allowable increase of 20 per cent over last year's expenditure. It seems to me that ought to be a reasonable allowance for this purpose. I therefore move:

That item 86 be reduced by the sum of $300,000 to $200,000.

Mr. Howe (Port Arthur): My hon. friend seems to think that the officers of the department can look ahead 18 months and decide what production lines are running out of work and also decide, in the light of conditions as they may be then as to whether the government should go to the expense of maintaining the production line. There are two variables in there which no one can predict with accuracy. We do not know when other orders will come in to keep the lines going. I think that happened to the estimate last year. Circumstances may change in the military requirements so we could be certain that a production line will not be needed.

We have here the considered opinion of our production officers who are in immediate touch with matters. I certainly would not take the responsibility of cutting the estimate that they have prepared in the light of their intimate knowledge of the problem, and I am in touch with these matters every day. I would think my hon. friend is in a much less favourable position to form an opinion than I am. I believe I must ask that this amount be voted.

Mr. Johnston (Bow River): Does this item 86 take care of government plants or is that in any way connected with contributions to be made to other concerns, such as Sorel that we were discussing the other day where there were payments for care and maintenance.

[Mr. Fleming.]

Mr. Howe (Port Arthur): It could be both, but it was really intended to take care of the expenses of maintaining Canadian government equipment in operating condition in plants the government does not own. For instance, we have a line that is being maintained at Oshawa in the plant of General Motors to make military vehicles. It is not in use now but we feel sure there will be a call for more military vehicles. We think the line should be maintained. We have made an arrangement with General Motors for that purpose.

There are other lines which we feel we will need in the future and therefore we pay the firm for the space that is occupied so the line will be ready when we start up. This is specialized production and it is far easier to maintain an existing line than it is to tool up again when the requirement comes along.

Mr. Johnston (Bow River): The total amount spent last year was about $160,000?

Mr. Howe (Port Arthur): I had better read the explanation here. The item is to provide for the cost of care, maintenance and custody of defence plants in standby condition and for the care and maintenance of buildings, machine tools, equipment and production tooling, including the costs of dismantling, packaging, crating, transportation, inhibiting, storage and other expenses incidental to the preservation of such facilities which may be required again. It is essential to ensure that buildings, machinery and equipment, assets which make up key defence production lines, do not deteriorate upon completion of various production contracts.

In order to do this it may be necessary, where arrangements cannot be made to continue production for defence purposes or to meet the problem by using crown owned facilities for commercial purposes on an adequate rental basis, to preserve production lines in such a manner that they can readily be put back into service with little or no delay. In most cases, capital assets which make up these key production lines are crown owned. However, there are a limited number of cases where, in order to preserve a vital production line comprised of intermingled crown owned and privately owned capital assets, it may be necessary to reimburse the private owners for keeping their assets in an inactive status.

Therefore, it is proposed to take the following action where necessary to ensure preservation of key production facilities:

(a) Preserve fully integrated crown owned defence plants and buildings, in part or in full, in standby condition;

(b) Move capital assistance assets and production tooling from a contractor's plant to government warehouse for storage or preservation in situ, or move to other contractor's plants when advisable. In the latter event, repairs, adaptations and moving costs would be paid from this item.

(c) Preserve contractor owned equipment in a standby condition.

Mr. Johnston (Bow River): I mentioned a moment ago that I thought it was about $160,000 that was spent last year; is that right?

Mr. Howe (Port Arthur): Yes, about that.

Mr. Johnston (Bow River): The hon. member for Eglinton had moved a motion to reduce this amount. I can hardly agree with that personally because, although I do think that $500,000 is a lot of money to have in this item, I also believe that you must be in a position to have production of this necessary equipment or arms when the need arises. I believe we would be in a bad position if, suddenly, an occasion arose and we demanded immediate production of our war materials and we found the estimate had been reduced to an amount that could not properly keep our equipment and tools in condition.

Now, I am not one of those who advocate that the government should spend money unnecessarily or by under-the-table methods. I think it should be all above board. But I would not like to see our defence put in a position where we did not have the proper tools, the proper factory space, to carry on the necessary work that may be required at a moment's notice. I do not think, therefore, I can support the motion that has just been moved.

Mr. Fleming: I have a brief observation to make.

Some hon. Members: One o'clock.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

The Chairman: Order. Resolution 86, and the amendment of Mr. Fleming. Is the committee ready for the question on the amendment?

Mr. Fleming: Mr. Chairman, there are a few observations I should like to make on this amendment before the question is put.

In his comments on my amendment the minister drew attention to the fact that this estimate of $500,000 was prepared by the officials of his department. We are aware of that; we are aware that the estimate was prepared last autumn before the full experience of the fiscal year ended March 31, 1956 was known. These estimates are already, I suppose, about eight months old. A good eight months—and perhaps more than that; it may be a year—have passed since these estimates were prepared by the officials of the department. They followed the usual course of going to treasury board and then being printed. The book carries the estimates, so far as the actual expenditure is concerned, only down to December 1, 1955, so that when we are at the end of July, 1956, it seems to me that we have an advantage, a very great advantage in respect of time and the experience of the last fiscal year over those who were called upon to prepare these estimates perhaps as long as a year ago.

I think we are bound, Mr. Chairman, to look at the record of the estimating a year before. Now, with all due respect to the same officials who prepared their estimate under the same admitted handicap as to time, the estimate they prepared on this item for the previous year, that is the fiscal year ended March 31, 1956, was $750,000; but in actual experience it was found that the money required, in other words, the money actually spent, was just $160,499. Therefore, we know that, expressing it in terms of percentage, the amount that was found to be necessary in actual experience was just 22 per cent of the amount that was estimated by the department the previous year. I ask hon. members to weigh the fact that there was a 78 per cent excess in the last fiscal year, that is, the year ended March 31, 1956, in the amount asked for over the amount that was actually required. That, I think, cannot be overlooked.

In the amount I have suggested should be substituted I have not cut below last year's actual requirements. Indeed, the figure that I have proposed to be left in is $200,000, which is a sum substantially in excess of the amount actually required and expended last year. There is a 20 per cent increase permitted there, and I think there has not been any case made out for any increase and certainly there has not been anything said yet in this discussion to warrant the belief that that amount would not be sufficient, yes, and more than sufficient.

We like to see accurate estimating. I think it is the duty of parliament to check these estimates closely, always recognizing, as I have tried to do this afternoon, that the officials who prepare them did not have the advantage that we have in point of time.

The minister says, Mr. Chairman, that if the money is not actually required it will

not be spent. That is not the proper approach for representatives of the people sitting in parliament and dealing with the expenditure of public funds. We should examine to see what is properly necessary to meet the cost of government services that are approved in this house, and we should not be putting in these estimates larger sums which are just a temptation to spend. I suggest that we remove where we can any excess and thus remove any temptation to spend.

Having regard to the fact that the amount that this amendment will leave available in this item is ample to meet all the needs indicated and provide for a 20 per cent increase over last year, if that were necessary, I submit, Mr. Chairman, that this item is much too large and that it should be reduced by the sum of $300,000, leaving $200,000.

Mr. Howe (Port Arthur): Mr. Chairman, may I say just a word in connection with estimating? On June 29, 1956, the hon. member for Eglinton questioned the accuracy of departmental estimating by comparing the moneys voted by parliament with actual expenditures made by the department. I would like to point out that most of the difference was in the capital assistance votes and that this type of vote has a number of variable factors which must be taken into account because they involve relatively large contingencies of a kind not required in most departmental votes.

A review of the figures relating to the capital assistance votes shows that a little over $300 million was voted in the last five fiscal years, and that actual expenditures accounted for slightly less than half that amount. The difference, of course, is comprised of the amounts which lapsed at the end of each fiscal year. It should not be assumed, however, that because the balances were allowed to lapse, the moneys should not have been voted in the first place.

Some 20 per cent of the total voted, or $82 million, represented moneys revoted because the projects were not completed in time to pay all the accounts from the original vote. The net amounts voted for new projects were, therefore, in the order of $220 million. It might also be observed that the largest portion of the revotes occurred during the early days of the present defence program when shortages and bottlenecks made it difficult to judge the rate at which projects would be completed. As the program continued, work on capital projects proceeded at a more uniform rate, and in the last fiscal year only 9 per cent of the total vote was for funds committed but not paid in that fiscal year.

Another explanation accounting for more than one-third of the total lapses, or 20 per cent of the total amount voted, relates to projects not proceeded with but which were under consideration at the time the estimates were prepared, which was six months in advance of the fiscal year. You will appreciate that, in a defence production program, plans have to be made well in advance, often on the basis of projected requirements of the Department of National Defence. In some cases we were able to persuade private industry to build or acquire the necessary facilities and equipment, or we found that other arrangements could be made. In other instances, it was found after careful study of all the facts that the requirement had changed and the project was no longer needed.

Lapses occasioned by overestimating the cost of approved projects amounted to $15 million, or 5 per cent of the total voted, and this margin does not seem unreasonable.

My hon. friend says that at this stage we should have changed our views and decided that a lot less money is required. We are unable to do that. We are the servants of the Department of National Defence. If, tomorrow, the Department of National Defence tells us to close down one of our principal plants we close it down immediately. But what do we do with the equipment? We can sell the plant, perhaps. We had a case a while ago of a hexachlorethane plant that had been very active for a great many years. It ran out of orders. We had to close it down. We had to inhibit the equipment. We know the plant will be needed again whether there is war or peace, and we spent a good deal of money on that project. There may be similar cases tomorrow or the next day or another day. If we have not the money we just have to let the machinery deteriorate until we get the money.

I can assure my hon. friend that I have discussed the matter with my officers in the luncheon period and I am assured that they believe this estimate is just as valid today as it was when the estimates were first prepared. In the circumstances I cannot for a moment consider reducing the amount of the estimate.

The Chairman: Is the committee ready for the question?

Mr. Goode: I want to refer to the remarks of the hon. member for Eglinton because I am usually very interested in what he says. In this case I think he has a good point. He based his remarks just now on the fact that the government had a temptation to spend because this vote this year is $500,000. If one follows this same line of argument the temptation to spend last year was 50 per cent more than it is this year because last year the vote was $750,000. The department spent

$169,000. Therefore, I think the officers of the department and the minister have shown their responsibility in this matter. This is just a difference of opinion on the government side of the house and on the opposition side. The minister in this case has shown his officials that the responsibility was well placed. I think he has done very well in cutting this vote by 50 per cent, and that the temptation to spend is thus 50 per cent less than it was last year.

The Chairman: Is the committee ready for the question?

Amendment negatived: Yeas, 29; nays, 92.

Item agreed to.

87. To provide capital assistance for the construction, acquisition, extension or improvement of capital equipment or works by private contractors engaged in defence contracts, or by crown plants operated on a management-fee basis, or by crown companies under direction of the Minister of Defence Production, subject to approval of treasury board, $7,500,000.

The Chairman: Shall this resolution carry?

Mr. Fleming: No, no.

Mr. Dinsdale: On item 87, Mr. Chairman, I note that the vote is mainly concerned with capital assistance for the construction, acquisition, extension or improvement of capital equipment or works by private contractors engaged in defence contracts, et cetera. There is a reduction of almost $1 million in this item for the current year and I presume this trend will be continued as we recede from the Korean war emergency.

I recall that when the Department of Defence Production was re-established to meet the Korean crisis this sum for capital assistance reached quite substantial proportions.

We in western Canada were extremely interested in this particular aspect of the Department of Defence Production and our chambers of commerce and business and industrial leaders made very strong efforts to ensure that western Canada and particularly the prairie provinces would receive an equitable share of the new upsurge in defence production.

We remembered the experience of world war II when the prairie provinces became depopulated almost overnight as our young people moved to fill the labour demands in the defence factories that were mushrooming in eastern and central Canada to meet the industrial demands of world war II.

There seem to be several hon. members who want to make speeches at this time, Mr. Chairman.

Some hon. Members: Finish your speech. Go ahead.

The Chairman: Order.

Mr. Dinsdale: I am suffering from a cold, Mr. Chairman; otherwise I could make my voice heard above the noise in the chamber.

Examining the public accounts of Canada for the fiscal year ended March 31, 1955 it would seem we have not had too much success in overcoming the mistakes that were made in the build-up of world war II so far as a more equitable distribution of defence industry across the country is concerned.

As I look at page DD-3, a list of capital assistance items totalling over $25 million, I observe that with only three exceptions out of a long list covering pages DD-3 and DD-4 each one of those capital assistance grants was made in some part of Ontario or some part of Quebec.

The same pattern is observed in the contract awards of over $25,000 outlined on page DD-4 of the public accounts. In like manner the grants in lieu of taxes for defence industries are all concentrated in the two central regions. This is a complaint that has been raised in the house from time to time particularly by members from the western and maritime provinces and I would like to frame it in a specific question at this time.

I note, for example, that the Minister of Defence Production has considerable influence in this regard because on page 26 of the report of his department, in the first paragraph under the heading "Industry and Defence", we read the following:

In addition to purchasing responsibilities, the Minister of Defence Production is charged with responsibility for organizing and mobilizing the resources of Canada, including the co-ordination of economic and industrial facilities, in order to meet the current and prospective needs of defence.

That is a big item. The minister has almost complete power and responsibility over a large segment of our economy. Continuing with the quotation:

The general economic background against which the program will have to be carried out must be taken into account in discharging these responsibilities, which fall into two main categories. The first is the development and maintenance of production capabilities (i.e. adequate facilities, skilled labour, engineering experience and technical knowledge) which are required to meet the equipment needs of the armed forces. The second is the availability of the strategic and basic materials needed to carry out the defence production program.

As I have already indicated, that gives the minister tremendous responsibility in seeing that the defence industry as it moves forward fits into the general economic scheme of things in a most effective and efficient way. I would point out that the fact we have failed to overcome the mistakes of world war II when defence industry was largely

concentrated in the two central provinces would suggest there is a genuine cause for complaint from those of us who represent western constituencies. The economic trends have been analysed in a summary fashion by the *Financial Post*. In the issue of July 7 there is an analysis carried out by Mr. J. K. Edmunds who projects the economic patterns in Canada for the year 1980. That projection incidentally is based largely on the very copious evidence submitted in various briefs to the Gordon commission. On the basis of that evidence Mr. Edmunds concludes that by 1980 Canada will have a population of 28 million, 75 per cent of which will be living in towns and cities and 65 per cent in central Canada. That reinforces the assumption that as far ahead as 1980, more than two decades, the present unfortunate trends will still be continuing, producing a state of industrial and economic imbalance even at that far distant date.

I should like the minister to indicate what steps are being taken to reverse these trends as far as possible. According to the information contained in his report, obviously he has the power to do this and obviously it is in the best interests of Canada that we try to establish a more equitable pattern of national development across the country. The huge expenditures involved in the Department of Defence Production provide a most fruitful source of brighter prospects in this regard. The main estimates today seem to be along the lines of electronic and aircraft development, two items of manufacture which could easily be carried out in the relatively sparsely settled parts of the three western provinces.

One final word on this score, and I think this is my strongest argument in this regard. Last week Canada engaged in a comprehensive civil defence exercise. For three or four days headlines screamed from the papers. Of course they were mock headlines, but the whole scheme was carried out as realistically as possible. Those headlines stated that large metropolitan areas had been completely wiped out as a result of attack by guided missiles with nuclear warheads. One report I read said that the city of Montreal had been completely wiped out.

The various departments of government responsible for the defence of Canada seem to be working at cross purposes. The civil defence people are warning the public of the dire prospects in the event of attack of that kind, which we hope will never happen. We are told that large metropolitan areas like Montreal can be wiped out by one nuclear weapon strategically exploded in the right spot. Yet it would seem from the information which I have placed before the committee and which I gleaned from various reports that we are still continuing to concentrate our strategic industries in these vulnerable urban centres.

I wonder if the minister could give us any idea as to what steps if any are being taken to disperse this concentration of industry so that we may have the necessary defence in the case of possible nuclear attack and also, more positively, that we may have in Canada a more equitable distribution of industry across the country.

Mr. Howe (Port Arthur): Mr. Chairman, the purpose of capital assistance is to create facilities for the production of a given war store. The governing factors in the allocation geographically are the availability of skilled labour, the availability of management capable of handling the task, the availability of power, the availability of raw materials and the availability of subcontractors if subcontractors are required. Generally speaking it does not allow too much latitude to the department as to where a plant might be located. The situation usually indicates pretty clearly where the plant should be located.

When we do have a choice we always give preference to a location outside the industrial areas of Ontario and Quebec. For instance, we have given a good deal of capital assistance in the maritime provinces when perhaps we could have done equally well or better in the central provinces. We have put a fair amount of capital assistance into the west, particularly on the west coast, with a fair amount in Winnipeg. But in those cases we were dealing with the type of product which was suitable to the labour n the area. The production was such as could be obtained without too large a shift in population. Obviously if you must build a new plant and housing to house employees, if you must bring in your skilled management and skilled labour, you have a very expensive type of production.

We are simply the agents for the armed forces and are using their funds. We must be able to assure them that we are doing that economically. Within these narrow limits we do attempt to diversify the location of our capital assisted projects but, as I said previously, we have very little latitude in that regard. I am inclined to think that within the discretion available to us we have done a pretty fair job.

The item we have before us deals almost wholly with aircraft and is almost wholly

devoted to the CF-105 program. The details of the program are as follows:

Aircraft	$6,906,570
Ammunition	740,000
Electronics	750,000
Guns	5,500
Sundries	40,817

From that we deduct $1,443,683 which represents cash not required during the fiscal year 1956-57. Obviously the only place you can spend money being used to advance the CF-105 program is in the vicinity of the Avro plant at Toronto. I do not know how we can exercise much latitude for the benefit of the city of Brandon or any other point in the west.

Mr. Dinsdale: I want to thank the minister for his comments on this important subject. I noticed he raised the matter of the availability of technical skill and labour. I want to assure him that in any part of western Canada we have all sorts of potential labour, labour that is obviously quite mobile judging from the fact that a good many of the workers in the defence plants of Ontario and Quebec originally came from the prairies. A couple of weeks ago it was my privilege to attend the 75th anniversary celebration of the community of Boissevain, Manitoba, in the heart of perhaps the richest agricultural area in the west.

Mr. Bryce: Go easy now.

Mr. Dinsdale: Well, even taking into account the constituency of the hon. member for Selkirk I think I can say that it is the richest agricultural area—

Mr. Knowles: In southwestern Manitoba.

Mr. Dinsdale: Yes. They published a very interesting book, "The Beckoning Hills", which reviews the history of that community from its origin in 1881 down to the present time. It is full of all sorts of anecdotes concerning the pioneering spirit of the people who settled that part of Canada so recently, because after all 75 years is a fairly recent period of time in the whole span of man's history. It is hardly more than the biblical span of a man's lifetime. The book gives the population statistics and they indicate the problem that the prairie provinces as a whole are up against.

In 1901, 20 years after the first settlement, the population of this part of the country was 6,430. By 1926 it had increased to 7,011. In 1931 it was 7,340 and in 1941 it was 6,478. There had been an exodus of almost a thousand people from this rich agricultural area under the first impact of the war. The downward trend increased up to 1946, and the census of 1951 gave the total population of that area as 5,615, or almost a thousand less than there were in 1901. That is what you call making progress going backwards. The difficulty arises, of course, because of the changing conditions of agriculture, mechanization and so forth, which are causing widespread depopulation of the prairies.

I realize that the item we are dealing with at the moment does not cover comprehensively the problem I am concerned with, and I must admit there have been some excellent and worth-while developments to meet this problem in the city of Winnipeg. I believe, for example, that a component of the CF-100 is being produced by the Bristol Corporation in Winnipeg, which is a step in the right direction, and I presume that the same trend will follow as we move into the production of the CF-105.

I re-emphasize this problem repeatedly because I think such assistance is one of the most fruitful ways of dealing with the basic economic problem confronting Canada at the present time, namely, more and more concentration in a relatively small area of Canada. I was particularly shocked to see that a projection of our economy to 1980 in that very reliable source, the *Financial Post*, indicates that this concentration will go on as a continuous trend.

By way of further detailed information, has the minister information available indicating what capital assistance programs have been established? Can he give some specific examples of capital programs that have gone forward in the prairie region as part of the activities of the Department of Defence Production since the beginning of the Korean crisis?

Mr. Howe (Port Arthur): I might point out to my hon. friend that he overlooks one factor. A plant to produce war material must be a big plant. In other words, you do not make war material by the piece; you make it by volume.

Mr. Churchill: You do with aeroplanes.

Mr. Howe (Port Arthur): Where do you have small plants? Just name me a small plant that makes aeroplanes.

Mr. Dinsdale: Component parts.

Mr. Howe (Port Arthur): Component parts, certainly. We do not usually have to give capital assistance to get component parts made. We use existing plants. But may I point this out to my hon. friend? Suppose we went to Boissevain and put up a plant there that required 5,000 people or 500 people, if you like. You would dislocate that area for years. I remember well when General Motors went to Regina in the late twenties and established a plant there. I think they went

there about 1926 and in 1932 they closed the plant down after having moved 1,000 or 1,200 people out there. That gave Regina a set-back from which it did not recover for ten years. That would be exactly the position in Boissevain if you put a war plant there.

One thing we must watch is to see that you do not create that kind of dislocation. If you put up a war plant it should be in an area where it can be converted to civilian production and have a chance of surviving as a privately owned plant. The hon. member asks what western plants we have helped. We have helped Bristol Engines with considerable capital assistance, also Standard Aero Engine of Winnipeg, Northwest Industries of Edmonton and I think one or two plants in Calgary. But to obtain the size of production that we require for war we must go into areas that can furnish the manpower and the skilled supervision without a great dislocation of population.

In the maritimes we have put a good deal of capital assistance into New Glasgow, a fair amount into Amherst, a fair amount into Saint John in the shipbuilding industry there, and a very considerable amount in Halifax. Where we have had populations and locations suitable for the kind of work we have wanted to do we have spread the work around as much as we could.

Mr. Dinsdale: I agree that the establishment of the parts assembly plant at Regina came at a very unfortunate time in the pre-depression era, and I think the dislocation that occurred in Regina and throughout all the prairie provinces for that matter during that unfortunate period was brought about by more than the necessity of closing the parts assembly plant at Regina. I further agree that you would not expect to establish a plant employing 5,000 people in a community the size of Boissevain. It would have a tremendous impact on the community in all respects which perhaps could not be absorbed by the social amenities that exist there already. That is not exactly what I am thinking about.

Having mentioned Boissevain, may I say there is one industry there, a private endeavour, making laminated structures. It was established in the past few years and it employs some 40 or 50 men. It is making quite a contribution to the vitality of that particular community. It is handicapped by the freight rate problem. The Canadian Railways do not allow in transit rate privileges as the railways of the United States do in an attempt to assist the establishment of industry in their prairie region.

I should like to say further, Mr. Chairman, that private industry generally is ahead of the government in recognizing the changed circumstances on the prairies. We now have a sufficiently large population—following the population recession of the war we are now beginning to move forward—to provide a fairly strong local demand. Particularly in the field of the manufacture of electrical parts we have a shift from the east to western Canada and also in the packaging and manufacturing of food products. For example, the Campbell Soup Company is contemplating establishing a further branch plant in Manitoba. The emphasis that I should like to see maintained is the emphasis that the department itself was trying to maintain. When the defence production activity got under way, within the department there was established a small defence industries branch which functioned for three years and then disappeared. When I queried the minister on that point, he said that it had carried out its role adequately and that it had done the necessary job. I did not agree with that statement at the time and I still do not agree with it. I thought that was an excellent innovation in these complex affairs, namely making certain that every possible provision was being made to decentralize this huge accumulation of defence industries which have become established largely around the two urban centres, namely Toronto and Montreal and which overnight would be destroyed—the whole defence industrial potential would be destroyed—if we ever faced an atomic attack. I suggest that we might well keep in mind the objective that was indicated in connection with the small defence production branch in trying to establish the manufacture of component parts of various electronic equipment for aircraft on as widely-scattered or as widely-dispersed a basis as possible.

Mr. Bell: Before this item carries I should like to follow along on the thoughts that have been expressed by the hon. member for Brandon-Souris and the review that has been given by the Minister of Defence Production. I appreciate the fact that this item is a centralizing one but it is an item that needs generally a great deal of consideration and future planning. The minister referred to the fact that Saint John and Halifax are getting some assistance in connection with their shipyards. That is true, but I would say that it is a very small amount of assistance compared with what the shipyards on the St. Lawrence are getting. Two or three years ago in the town of Marysville in New Brunswick we had an example of a textile industry closing down. At that time something was said—and I think some approaches were made—with respect to the possibility of

locating there some sort of government-assisted industry to replace this textile factory that it was necessary to close. I do not know whether or not it would have been possible to do something there, but certainly the facilities were available, namely a factory in fairly good shape, some labour and some market.

If we take the attitude that has been suggested, namely that we can locate only where there are available population, labour and materials, I suppose we shall never be able to disperse industry in any way. In New Brunswick also a short time ago we had an example in connection with the army camp work there. I do not want to go into the details of the contracts, because the matter has been mentioned here before. I just want to say that there was a problem in connection with the letting of those large contracts by the Department of Defence Production in connection with the camp. The department naturally wanted to get the work done as cheaply as possible and in as modern a way as possible. In most cases they call for tenders in connection with large contracts. I suppose that is the businesslike way to do the thing. But our smaller contractors were not able to get together and were not able to extend themselves for these larger jobs.

I put this reservation in these remarks, Mr. Chairman. We have had some contracts and since the initial planning others have been given. I mention the matter only in order to say that the problem is there, and it is the same one that is there with respect to this other work. The United States have had this difficulty to contend with for many years and they have taken many measures to overcome it. They have set up entire new communities for their large plants. I remember reading that in the New England states a method was found whereby the federal government could give some type of depreciation assistance to an industry in a certain locality. In that way the burden and the initial difficulty with respect to an industry surviving or even locating in a tough area would fall on the federal authorities rather than on the local municipal people who were already burdened, as has already been mentioned in recent debates. I appreciate the difficulties and I have mentioned these examples merely to show that it is a problem that is becoming of increasing importance. In the United States, in England and in Scotland they have had to do something about it. I suggest to the minister that we must have some careful planning for the future. In his department he has experts. Probably they could look into the matter. If this amount needs to be extended or to have its scope broadened, I am sure that the areas in the prairies and in the maritimes would greatly benefit. Such a procedure would get over some of the criticism that we have heard in recent days with respect to the difficulties there.

Mr. Hodgson: Mr. Chairman, the debate so far has brought to my mind a few remarks that I should like to make at this time. We have been talking about decentralization of war plants, labour and so on. I should like to refer the minister to the Canadian Arsenals plant at Lindsay, Ontario, which has had three quite definite lay-offs since last year. Employment there is getting fairly small. I should like the minister and his officials to give consideration to that plant. With their large budget I do not see why they cannot create some employment in the town of Lindsay.

Mr. Howe (Port Arthur): Mr. Chairman, I may say to my hon. friend that we have been looking at that situation very hard. We hope to get some work for it. The Lindsay plant is more or less a specialty shop. It does small runs of ammunition because of the nature of its equipment. We try to bring them along regularly, but I know it has hit a little low spot recently. We hope we can improve the situation.

Mr. Van Horne: I wish to draw attention to the fact that in Campbellton we have the McLennan Engineering Works. Some years ago this firm spent a considerable amount of money becoming equipped to repair aircraft engines. The contracts that they obtained from the government lasted a very short time, and afterwards they were denied any further work. In the last two years McLennan Engineering Works have not had any federal work and this tremendous investment which they were encouraged by the federal government to make is now going to waste. I would recommend that the minister check into the amount of repair work we have received in the maritimes. We have several plants fully equipped to do federal work, such as the McLennan Engineering Works, but for the past three or four years they have not been favoured with any work. This places a terrific burden, not only on the owners of the plants but on the public and on the employees who are dependent on these plants to make a livelihood. I am sure the minister will be kind enough to look into this matter and do something about it.

Mr. Howe (Port Arthur): I will be glad to look into it.

Mr. Fleming: I should like to point out that last year the department asked for and obtained a vote of $8,250,000 for this item. The minister reported yesterday that the

department actually expended during the last fiscal year $2,084,615 on this item. It is quite clear, therefore, that the amount that was voted that was proven not to be necessary was over $6,150,000. In other words, the amount actually required, as shown by experience as reflected in the actual expenditures, was only a small fraction of the total estimate. It was just about 25 per cent of the amount the department asked parliament to vote.

The minister was frank enough to say that this item of capital assistance is one with which the department has had most difficulty in estimating over the years. I drew attention on June 29 to the fact that for this item in the fiscal year 1951-52, parliament was asked to vote and did vote $100 million for this purpose, whereas the sum expended was $22,190,419. Perhaps I could just give the amounts in round figures, Mr. Chairman. The following year, 1952-53, parliament voted $110 million and the sum expended was $78 million. In the fiscal year 1953-54, the sum asked for by the department and voted was $60 million. The sum expended by the department was $36 million. In the fiscal year 1954-55, the sum asked for by the department, and voted by parliament, was $25 million, and the sum expended was $7 million. Now, we have before us the experience of the fiscal year 1955-56 and we see that although the department asked for $8,250,000, and parliament voted that sum, the actual need was only one-quarter of that sum.

So, Mr. Chairman, for the same reasons that I put before the committee in connection with the last item, I think it is our responsibility here to make sure that the estimates that we approve and pass are closely in line with the proven requirements of the department, and I move:

That item 87 be reduced by the sum of $5 million to $2,500,000.

I point out, Mr. Chairman, that that amendment would leave the department with a substantial sum of money more than it actually found necessary last year. Last year it found it necessary to expend $2,084,615, and this amendment would provide them with $2,500,000, a figure almost 20 per cent larger than their actual expenditures for the fiscal year which ended March 31, 1956.

Mr. Howe (Port Arthur): I may say that if this motion passes it will set the CF-105 program back at least 12 months. We are already committed for considerably more money than would be left in this vote if this amendment passed.

Mr. Fleming: For how much are you committed?

[Mr. Fleming.]

Mr. Howe (Port Arthur): We have to build certain test facilities for a supersonic engine which is being developed there, and we must provide certain new equipment for the aircraft plant. We have already approved expenditures and commitments, but we would have to withdraw the commitment. I know all these commitments depend on parliament voting the money, but that is the particular situation in this case.

I am surprised, really, at being criticized for not spending all the capital assistance for which we asked parliament. We know what we have to have, roughly, in the next year, but we do not know the extent to which we may be able to persuade private industry to put up the capital themselves. We do our best. We part with capital assistance money very reluctantly and I may say it has been practically cut off at the present time except for the aircraft industry where we are bringing out a new plane and where new techniques, new testing equipment and new facilities are required. As I say, we are committed, not for the full amount, but we are committed for over half of it. If this vote passes, I will just write A. V. Roe that they will have to do without for another 12 months. They will have to do the best they can after that.

Mr. Fleming: What is the precise amount of your commitment to A. V. Roe?

Mr. Howe (Port Arthur): It is around $5 million. We cannot say exactly because we do not know exactly what these things will cost. We have authorized certain work to be done under capital assistance. It is somewhere between $4·5 million and $5 million. We know other work must be carried out. What we do not know is whether we can persuade private industry to furnish additional facilities that we must have. If we cannot do that, we must put up the money as capital assistance. It is as simple as that. Go ahead and vote on your amendment, if you want to. I am tempted not to vote on this amendment and let it go through and let the opposition take the responsibility for it. I think that is about what the hon. member for Eglinton is asking for, and should get it.

Mr. Fleming: That was a silly, stupid, concluding remark, Mr. Chairman. This is the first time the minister has spoken about the CF-105 production program being attached to this item.

Mr. Howe (Port Arthur): I made a statement in which I said that $6,906,570 was allocated to the aircraft branch. I said then it was for the CF-105 program.

Mr. Fleming: We were not told it was on this particular item.

Mr. Howe (Port Arthur): I read it on this particular item.

Mr. Dickey: It was just 10 minutes ago.

Mr. Fleming: In view of what the minister has said, Mr. Chairman, about the commitment, and if this is related to the CF-105 program which is an important program, we are quite prepared—this is an addition to last year's program—

Mr. Howe (Port Arthur): Very generous of you.

Mr. Fleming: We are here to do our duty to the taxpayers and to see that money that is not required is not voted here; that is the situation, and that duty we intend to discharge. The minister has said that there is about $5 million required—

Mr. Howe (Port Arthur): I said nothing of the kind. I said $5 million was committed.

Mr. Fleming: We are prepared to change the amendment to the extent of $5 million.

Mr. Howe (Port Arthur): We will vote on this amendment first.

Mr. Fleming: In the light of what the minister has said we are prepared to withdraw this amendment and substitute another one. If the minister will not agree to the withdrawal, then he will just have to take the responsibility. In view of the minister's further explanation, we are prepared to make the usual request to the committee for permission to withdraw the amendment.

Some hon. Members: Question.

The Chairman: Order. Has the hon. member—

Mr. Howe (Port Arthur): If the hon. member wishes to withdraw the amendment and finish there I, of course, will agree. If he wants to change the amount in the amendment, I do not agree.

Mr. Fleming: I am quite prepared to withdraw the amendment and have another look at the minister's figures, if he will give us the figures in regard to his commitments and in regard to the amounts that he thinks are going to be required on this program this year.

Some hon. Members: Question.

Mr. Fleming: But we are not just going to let this go without information. The minister says nothing more. We want information.

The Chairman: Order. As I understand the situation, Mr. Fleming moved:

That item 87 be reduced by the sum of $5,000,000 to $2,500,000.

I also understand that the hon. gentleman is requesting leave, which he must do, of the committee, with unanimous consent, to withdraw the motion.

Some hon. Members: No.

The Chairman: Has the hon. member consent to withdraw the amendment?

Some hon. Members: No.

The Chairman: Is the committee ready for the question?

Amendment (Mr. Fleming) negatived: Yeas, nil; nays, 48.

The Chairman: I declare the amendment lost.

Mr. Fleming: Mr. Chairman, may I ask the minister now whether he will state in detail the commitments actually made to date, that is, the actual commitments, and then in addition the projected demands on this item for the remainder of the fiscal year?

Mr. Howe (Port Arthur): We do not give actual capital assistance estimates in advance. I gave this figure before; I will give it again: aircraft, $6,906,170.

Mr. Fleming: These are actual commitments already made?

Mr. Howe (Port Arthur): No. We are committed to certain projects, but I am not going to put amounts of money on them because I do not know what they will cost. Ammunition, $740,796; electronics, $750,000; guns, $505,500; that is for the new rifle; sundries, $40,000. From that we deduct cash not required in 1956-57, $1,443,683, leaving a balance of $7,500,000.

Mr. Fleming: We have supported the project as far as the development of the CF-105 is concerned. The minister spoke about having made actual commitments. That was the burden of his remarks before, but he is not prepared to tell us now what the actual commitments are. We are simply given now the breakdown of the figure of $7,500,000 in the estimates. As to that, we had similar breakdowns of similar estimates in preceding years. They were built up of subitems in the same way, and we found that in every case in every one of those years the figures in the estimates were much higher than the amounts actually required.

Take last year, for instance. Notwithstanding the fact that the estimate was built up of subitems like this, it was found that when the department came actually to make the

expenditures the amount actually required was only one-quarter of the amount the house had been told and had voted—

Mr. Dickey: Because we saved money.

Mr. Fleming: —when the estimates were before the house. Are you not going to attempt to save money this year?

Mr. Dickey: We certainly are.

Mr. Fleming: Mr. Chairman, where there is a will there is a way, and if we can judge the accuracy of this item by the experience of other years it is quite evident there is a good deal of money here that will not be required this year. What the minister has said about commitments is not touched by this because he will not give us the figure of actual commitments. I think, on the experience of other years, it will be found that there is a good deal more money here than is required. I am moving, therefore, that the item be reduced by $1 million, to $6,500,000.

Mr. Howe (Port Arthur): Are you going to vote for it this time?

Mr. Fleming: Oh, sure; I hope you are, too.

Mr. Howe (Port Arthur): The reason we did not give commitments for capital expenditure before is that if we give the commitment, if we tell someone we have an item in the estimates to cover certain projects, there is no possibility of getting private industry to make the investment. Because we are committed there is no possibility of saving. What my hon. friend is saying is, "All right; tell the world that you have provided money for these projects, and then you will not have any savings on your estimates and everything will be fine". I have never seen quite such a row raised about saving money out of funds voted by parliament. However, my hon. friend thinks that is statesmanship, so I presume we shall vote on this item.

Mr. Fleming: Mr. Chairman, we have been challenged—

The Deputy Chairman: Order. I just want to put the amendment. It has been moved by Mr. Fleming:

That item 87 be reduced by the sum of $1 million to $6,500,000.

Some hon. Members: Question.

The Deputy Chairman: Is the committee ready for the question?

Amendment (Mr. Fleming) negatived: Yeas, 11; nays, 48.

The Deputy Chairman: I declare the amendment lost. Shall the item carry?

Item agreed to.

[Mr. Fleming.]

88. To provide for payment of grants to municipalities in lieu of taxes on crown-owned defence plants operated by private contractors, $227,900.

Mr. Fleming: Will the minister put on record now the figures of the payments to municipalities in the fiscal year ended March 31, 1956, under this item?

Mr. Howe (Port Arthur): The actual amount spent was $203,000, but we cannot put our hands on the breakdown though we thought we had one here. It is a bit less this year because we sold two or three plants. We will have to get that information and we will table it.

Mr. Fleming: How long will it take to get it? Could it be put on the record today?

Mr. Howe (Port Arthur): Yes, I think so.

Mr, Fleming: Has the minister with that his estimate covering the anticipated payments to municipalities this year?

Mr. Howe (Port Arthur): We never give that. We have an argument with every assessment commissioner about the amount we pay.

Mr. Fleming: May we take it that there are no new municipalities involved, and that the list is going to be a little smaller by reason of dropping some municipalities from it?

Mr. Howe (Port Arthur): By reason of the sale of certain assets, yes.

Mr. Fleming: But there are no new municipalities to be added to this year's list as compared with last year's list?

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

Mr. Fleming: And it is understood that will be put on the record?

Mr. Howe (Port Arthur): Yes. I am sure my staff can secure it.

The Deputy Chairman: In order that it will be understood, the minister is undertaking to produce a list of payments made to municipalities which will be handed to *Hansard* and printed by unanimous consent.* Is that agreed?

Some hon. Members: Agreed.

Item agreed to.

*Grants to municipalities in lieu of taxes on crown-owned defence plants operated by private contractors (1955-56)

Town of Renfrew, Ont.	$ 8,000
Township of North York, Ont.	16,000
City of Lachine, P.Q.	24,000
Town of LaSalle, P.Q.	6,000
Township of Ross, Ont.	20,000
City of Longueuil, P.Q.	16,000
Catholic school commission (Longueuil) P.Q.	13,000
Town of Trenton, N.S.	22,000
Ville St-Laurent, P.Q.	78,000
	$203,000

Canadian Arsenals Limited—

90. Administration and operation, $1.

Mr. Dufresne: Mr. Chairman, I will just start to say a few words in English in order to tell the minister where I am leading. About two weeks ago I asked a question regarding the sale of the Riviere du Loup arsenal, and in reply to my question I received an answer on July 23. The first question was as follows:

1. Have the Riviere du Loup arsenal buildings been sold? If so, on what date?

The answer was:

1. Yes. Agreement of sale executed following order in council of May 24, 1956. Possession of property given purchaser on June 29, 1956.

The second question was:

2. What was the amount of the sale and what were the conditions of payment?

The answer was:

2. Sale was made after public advertisement of the property for $17,500 cash.

The third question was as follows:

3. What was the conversion cost of the former Canadian National shops, which subsequently became the Riviere du Loup arsenal?

Listen to the answer:

3. The Canadian National Railways shops at Riviere du Loup were transferred to Canadian Arsenals Limited and converted for the production of components for ·50" and 20 mm ammunition at a cost of $285,453.80 to meet orders valued at $3,835,000.

(*Translation*):

Mr. Chairman, it is now definitely established that the Riviere du Loup arsenal, which operated for three years only, was sold by tender for $17,500, whereas an amount of $285,453.80 had been spent in order to convert the former Canadian National plants into an arsenal. Even if it served to produce about $4 million worth of small arms ammunition, this arsenal operated for only three years, during which employment was available to a very limited number of people. I submit, Mr. Chairman, that instead of going to this fabulous expense, it would have been possible in view of the few people employed there, to have the same done at Quebec or Valcartier arsenal, thus avoiding considerable lay-offs.

I return now to the price paid for this building and the property on which it is built. It is an excellent building, with magnificent grounds, and yet they were sold for the ridiculous sum of $17,500, whereas the department had formerly spent on the rehabilitation of the same premises the considerable amount of nearly $300,000. Therefore the transaction involved only about six per cent of the original amount. In other words, the loss involved was exactly 94 cents out of every dollar. This, I am told, was done to satisfy a company which will eventually start producing underwear in this plant.

From all this it appears that the company which has bought this arsenal is called the C. Turnbull Company Limited. If my memory serves me well, its head office is in Galt, Ontario. The surprising thing about all this though, is that until January 11, this company had held a federal charter granted on December 17, 1930, a charter which it renounced on the date I have just indicated, that is five months before purchasing the arsenal. I can say however that this company—against which I have nothing, since I do not know it, though I do know that its product is, by all accounts, excellent—has a provincial charter granted by the Ontario government. According to arrangements entered into between the provinces, it is allowed to operate in the province of Quebec, provided it abides by the laws of that province and pays corporation income tax.

The fact is, however, Mr. Chairman, that we have here a difference that is rather hard to explain. I was informed this morning that only one tender had been submitted to the department, and that was the one from the Turnbull company.

Mr. Dupuis: Well, you can hardly make them up.

Mr. Dufresne: I did not attempt to make anyone up, and I would not advise the hon. member for St. Mary (Mr. Dupuis) to make anything up, for it would be a substantial waste of my time. I am now dealing with a serious matter, and I hope that the hon. member will stop his trifling, so that I may proceed.

Mr. Dupuis: It is still better than in Quebec, because, over there, no tenders are called at all.

Mr. Dufresne: If my hon. friend is interested in a seat in the Quebec legislature, all he has to do is to resign; but then he might have the same fate as his son.

Mr. Dupuis: I prefer the atmosphere of honesty in this house than that of Quebec.

Mr. Bonnier: Abolish Bill 34, and we will go to Quebec.

Mr. Dufresne: If the hon. member wants to talk of honesty, he would be well advised to wait for a judgment to be rendered shortly.

Mr. Dupuis: If it is rendered by a man like you, I won't answer for anything.

Mr. Gauthier (Portneuf): People who live in glass houses—

Mr. Dufresne: He asked for it.

As I was saying, the least that this transaction suggests is objectionable favouritism. If the intention was to sell the property, conversion costs of which had amounted to close to $300,000, it seems to me that a basic price might have been set and, in this way, a more appropriate price might have been obtained.

Mr. Dupuis: What a businessman.

Mr. Dufresne: I repeat, Mr. Chairman, that such a policy is bad enough to give rise to the indignation and vigorous protests of all those who, through the taxes they pay, contribute to maintain in power a government so wasteful of the Canadian taxpayers' dollar.

Surely, the small industry which is being set up in place of the arsenal will hardly be enough to improve economic conditions in Riviere du Loup, because I am convinced that few people will find jobs in that plant. So, Mr. Chairman, it has been a waste of public moneys. We have, in the past, seen a mass exodus of Canadian National Railways' employees, especially in Riviere du Loup, who had to move to Montreal, Moncton, Campbellton and Halifax in 1952.

An hon. Member: To Quebec.

Mr. Dufresne: And now, we have to stand by and see public moneys being thrown down the river, always in connection with the same building. The only conclusion is, I think, that Riviere du Loup, despite what we heard last fall, especially in September, will never be the Garden of Eden of the province of Quebec.

Mr. Chairman, I wish to mention another matter regarding the Quebec arsenal. We have in Quebec city an arsenal located below Palais hill on quite a large piece of land. I am glad that we have that plant in Quebec city for it provides work for quite a number of conscientious employees who can thus earn a decent living.

Next to that plant of Canadian Arsenals Limited, there is a nice and vast piece of land commonly called Artillery park on which stands the residence of the superintendent of that company, a very distinguished gentleman and a great soldier, Brigadier Theriault. I say these nice things about Brigadier Theriault so that my hon. friends opposite will not be able to claim what they claimed the other day when speaking about the 22nd Regiment. I say that all French Canadians, and especially those in the province of Quebec, hold in high esteem and respect this distinguished soldier, Brigadier Theriault.

However, I believe that piece of land could be put to much better use than to provide luxurious accommodation for an official who certainly does not need all of it. Part of that land is wasted.

Mr. Chairman, I would suggest that the minister sell part of that land to the city of Quebec which, I think, would be happy to buy it for several reasons, one of which would be the broadening of McMahon street, which is very narrow. It would ease traffic in that part of Quebec city and would permit the occasional parking of some 500 cars. It would also bring much more business to that business section of the city, especially for those who operate a business on Saint Jean street.

I don't ask that Brigadier Theriault be deprived of all the ground he now occupies. However, I would suggest that officials of the Department of Defence Production enter into negotiations with the city of Quebec, which is badly pressed for parking space, or try to interest certain individuals in buying that part of the property. This would help develop that important district of the city of Quebec.

An hon. Member: It's goat's pasture.

Mr. Dufresne: Mr. Chairman, such was the suggestion I wanted to make in connection with that site, and I think that in so doing I have conveyed the feelings of the majority of my fellow citizens of the city of Quebec, and I trust that the department will take into serious consideration the suggestions I just made.

(Text):

Mr. Howe (Port Arthur): Mr. Chairman, I am sure my hon. friend will grant me the indulgence of replying in English. I could try to do otherwise, but perhaps I had better not. The explanation with regard to the plant at Riviere du Loup is simple. The Canadian National Railways had a problem on their hands through the dieselization of the region, and the president informed us that the locomotive and car repair shops at Riviere du Loup were surplus to his requirements. There were about 125 families dependent

upon the work provided by those shops. He asked if we could help him out, and told us that if we could he would be pleased to deed over the property to the dominion government. Subsequently we found that we had an order for small arms ammunition amounting to about $3,800,000 which could not be handled at the Palace Hill arsenal but which could be handled at Riviere du Loup if there were some adaptation of the facilities there.

Arrangements were made accordingly. Early in 1953 the property was transferred without cost to the Department of Defence Production. Alterations were made amounting, if I remember right, to around $250,000 to provide for new facilities and installation of machinery that was moved down there from the arsenal at Quebec. For about three years we operated the plant at Riviere du Loup. In that time we turned out ammunition to the value of a little over $3 million.

Mr. Dufresne: $3,800,000.

Mr. Howe (Port Arthur): Yes, $3,800,000. The production was increased over what would have been possible had we operated the facilities at Quebec to full capacity. The need was there and the property at Riviere du Loup filled it very nicely.

Mr. Dufresne: Would the minister excuse me? I think I just heard him say that the arsenal at Quebec was working at full capacity at that time.

Mr. Howe (Port Arthur): Yes.

Mr. Dufresne: I think the minister is wrong, because it was last year and two years ago that we had so many lay-offs at Quebec and Valcartier.

Mr. Howe (Port Arthur): But they were mostly in the shell filling division and not in this particular division. However, we expected when we took over the property that there would be follow-up orders for small arms ammunition and these did not come. Therefore when the work was completed we were in exactly the same position as Canadian National Railways had been three years earlier. We had been employing a peak of 140 employees on the property with an average of about 105, and we faced the same serious problem of laying off these employees in an area that was not able to absorb them easily.

After discussing the matter with the mayor of Riviere du Loup we decided to call for tenders for the property with the reservation that we would not sell the property to anyone who could not give a reasonable guarantee of employment on about the scale we had provided in operationg it as an arsenal. Tenders were invited. We advertised in several papers. We only received one tender, and it was from a textile firm that was able to undertake to provide employment for in excess of 100 people.

The mayor favoured acceptance of the tender. True, it was a low tender; nevertheless it relieved us of the problem of maintaining a plant in idleness, which is costly; and in view of the employment situation it seemed that the right thing to do was to accept the tender, which we did. I feel that we acted as a useful link between the railway who built the plant and owned it for many years and the textile company, which is moving in at the present time. We did provide employment without any loss to the government. You can say that we spent $250,000, or whatever the figure was, in setting up the plant to make small arms ammunition. That is true, but we produced $3,800,000 worth of products; and as I remember it the margin on the product, which was for the United States government, was about 10 per cent. Therefore the story probably is that we worked there and got out without any loss of public funds. As far as Palace Hill is concerned, my hon. friend wants us to tear down a building there—

Mr. Dufresne: No.

Mr. Howe (Port Arthur):—that is older than I am. Palace Hill, from the earliest days of Quebec, has had on this site the residence of the superintendent of the arsenals.

Mr. Dufresne: If the minister will allow me, I never mentioned anything about destroying the Palace Hill arsenal. I am not even speaking about taking away the residence occupied now by the superintendent, Brigadier Theriault. I was just asking if the minister would not mind taking under consideration the fact that adjacent to this private residence there is a very big piece of land, a part of which the city of Quebec would be interested in buying, first of all to widen McMahon street and, second, to make a good parking area for the commercial district of Saint-Jean street.

Mr. Howe (Port Arthur): As far as I know there has been no request to the department for that land. It is maintained by Brigadier Theriault as a public park, and it is a very beautiful park in the heart of Quebec. While we certainly would entertain a request from the city of Quebec for land sufficient to widen a street I would be very reluctant, and I think the city of Quebec would be, too,

to do anything that would transform a beautiful park in the centre of the city into a parking space for automobiles.

Mr. Dufresne: First of all I wish to thank the minister for the detailed information he has given me regarding the Riviere du Loup arsenal. Can the minister tell me what the department paid for the land and buildings formerly owned by the C.N.R. which afterwards became the Riviere du Loup arsenal?

Mr. Howe (Port Arthur): I thought I told the hon. member that the land and buildings were deeded to us without cost. They cost nothing.

Mr. Dufresne: May I add one word. Could it have been possible to establish a floor price before asking for the tenders to which the minister referred? I know the minister will admit, as will every hon. member of the house, that even if the plant is to employ 100 or more employees in the new operation, which I am very glad to hear, the price for which the Riviere du Loup arsenal was sold was a little bit ridiculous when we think that we had to spend $285,453.80 to convert one building and could not get a better price three years later than $17,500. I think a lot of people are worrying about the matter and are asking how this kind of transaction could take place.

Mr. Howe (Port Arthur): According to the report I received from Canadian Arsenals, if we had held the property it would have cost about $50,000 a year to keep the plant closed, maintain a watchman service and pay the taxes. To do so would also put 105 people out of work in an area where no alternative work was provided. The property was developed to repair locomotives and freight cars. Private individuals do not repair locomotives and freight cars. We took over the plant to make munitions of war. Private individuals do not make munitions of war.

The next question is, who can make use of that property? It is not everyone's meat. The fact that it is a fine plant which cost a lot of money many years ago, and cost some money for alterations and installing equipment to make munitions more recently, is interesting but it is not interesting to a man who can use the plant in Riviere du Loup and use it profitably.

We advertised for tenders. We let it be known through all our contacts that the plant was available for sale. We advertised in the papers and we got one tender. It did not take us long to decide that if we could solve the government's problem, relieve ourselves of caretaker responsibilities which might go on indefinitely, and remove ourselves from Riviere du Loup in a way acceptable to the local people it was a very advantageous transaction as far as the Department of Defence Production was concerned.

Mr. Dufresne: The minister says that advertisements were published in the papers. Can the minister say in what papers advertisements were published? Was it in the local papers or in papers throughout Canada?

Mr. Howe (Port Arthur): It was advertised in three newspapers.

Mr. Dufresne: Three newspapers?

Mr. Howe (Port Arthur): Three different newspapers, yes. *L'Action Catholique* was one. I do not remember the other two.

Mr. Dufresne: That must be *Le Soleil.*

Mr. Howe (Port Arthur): Possibly it was *Le Soleil.* I do not remember.

Mr. Dufresne: Were they Quebec papers?

Mr. Howe (Port Arthur): Two were Quebec papers. One was a paper in Three Rivers or in Riviere du Loup.

Mr. Dufresne: *Le St-Laurent?*

Mr. Howe (Port Arthur): No. I find that one was in Riviere du Loup, one was in Quebec city and the third was in Montreal.

Mr. Dufresne: Are the three of them French papers?

Mr. Howe (Port Arthur): Yes.

Mr. Dufresne: It is a very amusing thing, Mr. Chairman; here is an English company which has its head office in Ontario. I think it is in Galt. There is an advertisement in three French papers. One is in a Riviere du Loup paper which is a weekly paper that is distributed in the Riviere du Loup area and in the whole county of Temiscouata. The other one, *L'Action Catholique,* a Quebec city paper, is also French.

Mr. Howe (Port Arthur): I now find that the third one was an English language paper. I believe it was the Montreal *Star.*

Mr. Dufresne: There might be a chance that the company saw it there. But even so I find it very strange that this company in Ontario would have a chance to read this article or this advertisement in the Montreal paper. I think someone must have given this company some information of some kind.

Mr. Lesage: What are you complaining about?

Mr. Dufresne: I am just complaining about the price that was paid by the company for a building which cost the government $285,000, just for conversion, when this company

paid only $17,500 for it. After all, that is a loss of 94 cents on the dollar in three years. That is my complaint, if the minister wants to know it. I find that it was a ridiculous transaction. That is my opinion.

Mr. Gauthier (Portneuf): The company might be bilingual, might it not?

Mr. Dufresne: Not according to the list of directors which I have. I have the names of the directors. Three or four are from Galt, Ontario; two are from Brantford, Ontario, and one is from Pittsburgh in the United States.

Mr. Gauthier (Portneuf): I have people who do not speak a word of English who have English names. You can have English people speaking French as well as French people speaking English. We are, after all, a bilingual country.

Mr. Dufresne: Yes; I think I am one of the members in this house who have given evidence of that fact. Any time I have occasion to do so, I speak both languages in this house.

Mr. Gauthier (Portneuf): Yes, you can. Once you addressed the Minister of National Health and Welfare in English, and he answered you in French.

Mr. Dufresne: Yes, because I had an extremely important question that I wanted to be heard and understood by everybody in the house.

Mr. Gauthier (Portneuf): You are bilingual.

Mr. Dufresne: Yes; I am bilingual.

The Deputy Chairman: The hon. member for Moose Jaw-Lake Centre, in either language.

Mr. Thatcher: Mr. Chairman, I approve the sale of this particular crown corporation. I approve it in the first place because I think it is good for the community. There are going to be a good many more people employed there than are employed at the present time. But I approve it mainly because of the principle involved. Today we have approximately 30 crown corporations in this country. Some of them have cost us a great deal of money. Many are being subsidized fairly extensively. I think it is a good thing for the government to get out of many of these businesses which were set up in the war period or in the emergency shortly after the war. I hope sales of this nature will happen time and time again in the near future. I should like to see other crown corporations sold also, because I think the business of government is to govern, not to be in business. From what I have seen of crown corporations in business they simply do not operate as efficiently as private enterprise. I am therefore heartily in accord with this particular sale.

Item agreed to.

The Deputy Chairman: That completes the Department of Defence Production.

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

244. Departmental administration, $1,222,800.

The Deputy Chairman: Hon. members will find this resolution at page 48 of the book of estimates, the details starting at page 346.

Mr. Blair: Does the minister wish to make a statement?

Mr. Martin: No.

Mr. Blair: The estimates of this department were before the estimates committee of the House of Commons for several weeks. At that time there was a fairly complete discussion on all the items, especially on the other item under the Department of National Health and Welfare, namely civil defence, which I think was considered by the committee in sittings which extended to 10 or 12 hours. The same remark might apply to another matter that was brought up and talked about in that committee, namely the question of health insurance or hospital insurance and the proposals and discussions between the federal government and the provinces.

But in the general consideration of the estimates before the house there is no doubt that there are matters of interest which other members who were not on the estimates committee might like to discuss at this time when the estimates are before the committee of the whole. Furthermore, they may desire to obtain information that was not available to them at the time the estimates committee was sitting or because they were unable to attend. They might desire of their own accord to discuss some of these matters with the minister.

It has always been my belief that the estimates of the Department of National Health and Welfare, dealing as they do with matters which are so important to the well-being and happiness of the people of the country, should receive fuller consideration by the house than they do receive, and that more time than is usually spent on them should be devoted to their consideration. I think the fact that the estimates of this department were sent to a committee this year was an excellent thing. As a result of questioning the minister and his officials I believe more information was obtained in that committee than would have been obtained as the result of a few hours' discussion in this chamber. Of course every person did not agree in that

committee, but there was that opportunity available and there was the fullest discussion of these matters.

In so far as the estimates of this department are concerned, there should be unanimous agreement throughout the committee today that the matter of keeping well is of the utmost importance to the people of this country. But if you go back a few hundred years in European history you will find that the point of view among those who were interested in the healing arts was concerned with the curing of disease. There is a great deal of difference between using preventive measures and curing. The idea of preventive measures probably never crossed their minds at that time. The most they could hope for was to have physicians who were sufficiently versed in an understanding of disease that sick people under their care would rapidly get well.

Under these conditions it is clear that only a small proportion of the population could share in the benefits of the increasing skill of these physicians. But today hospitals, laboratories and physicians are in close contact with new scientific equipment. They are armed with new drugs and they are providing a medical service today that would have been unbelievable in the eighteenth century. Even today improving our methods of curing disease is not sufficient, and I emphasize the word "curing", the problem today is to get people well and to keep them well. This is the prime objective of the people who are working in the fields of public health and preventive medicine.

Throughout the last decade especially great progress has been made in the curing and treatment of disease. There are, however, still many problems, and there is a demand for still more rapid progress. But if we look back over the last 20 years on the discoveries that have been made in that time, we can see that there is every reason to believe that it will come. Equally new and exciting results will follow the new and exciting discoveries which have been made. But if we still pursued the old idea of keeping people well by curing disease, it would involve a tremendous expenditure on the part of the nation. From the standpoint of the taxpayer it would be a very expensive proposition. It would require the training of a large number of professional people to keep all the people cured of disease.

Today we have developed a public health program to such an extent, and this is coupled with our increasing knowledge of preventive medicine, that we are making remarkable progress in the campaign to keep people well. As the program advances the costs of keeping people well will decrease. At the present time one could visualize that the future may bring a period when the need for hospitals will diminish, so that the health program in continuing to keep people well will become the great objective rather than the older concept of curing disease.

I came across a quotation from a very eminent man, Dr. C. E. Winslow, a very distinguished man in the field of public health. This was written in 1949 but I think it still applies today. The quotation is as follows:

> As I see it today, public health is the science and art of preventing disease, prolonging life, and promoting physical and mental health and efficiency through organized community efforts for the sanitation of the environment, the control of community infections, the education of the individual in the principles of personal hygiene, the organization of medical and nursing service for the early diagnosis and treatment of disease, and the development of the social machinery which will ensure to every individual in the community a standard of living adequate for the maintenance of health.

This statement, made by such an eminent man, applies today with greater force than it did seven years ago. I think he has covered the whole field in that one short statement.

Now, in so far as present conditions in Canada are concerned, I am not going to attempt to cover all the diseases and all the troubles with which medical men in Canada are faced today. There are two or three that I intend to discuss for a short time before this committee. I shall first consider the question of cancer. Statistics show that this is still the great scourge. It is true that there have been marked advances in the treatment of this disease in the primary type. The difficulty there lies in getting these patients at the time the disease first makes its appearance, in the primary lesion stage. Then a great deal more could be done in a curative way in protecting these people. Possibly more advanced diagnostic methods have shown a larger number of the population to be suffering from the disease; nevertheless a high percentage still appears in our mortality rates.

In that regard, X-ray facilities along with other means of diagnosis have shown that many of those people who possibly were undiagnosed at previous times are now getting a more complete diagnosis, and this accounts for some of the rise in the death rate attributed to cancer. But it is also true of this disease, as it is true of heart disease and the group of people who suffer from cardiovascular disease—that is disease of the heart and blood vessels—that as the span of life has been lengthened we seem to have more people suffering from this disease than we

formerly did. Not only that, sir, but in so far as the mortality rates are concerned we are going to have older people ultimately succumbing to this disease.

So I have one plea and one suggestion to the minister today in regard to cancer, and it is this. While research is costly, no apparently worth-while project in research looking toward the discovery of the cause of cancer, or even of the treatment, should be neglected through lack of funds. While other nations are spending funds in the common objective of the solution of this scourge, I believe our Canadian scientists are capable of contributing a great deal toward scientific research. They are capable of contributing a share, as they have shown in the past, that will compare favourably with that of any nation in the world.

This is a disease that has baffled all the greatest workers in the world in the scientific field. But the big problem today under present conditions, knowing as we do very little though advances have been made regarding the cause of cancer, is to intensify the measures that have already been taken to hold the disease in check. The other big problem is getting the people to go to the physician or to report to a treatment centre when the very earliest symptoms come upon them. Then more can be done toward cutting down the mortality resulting from cancer.

The other subject I shall discuss today, sir, is mental disease. Unfortunately in Canada there has been a very definite rise in the percentage of cases of this disease. Tuberculosis is now under control. There was a time when we spent a great deal of time in this house discussing tuberculosis. I may say that due to the advent of new methods of treatment and scientific measures, especially in the field of public health, this disease has been brought well under control. Our campaign now is to try to find these isolated cases, keep checking up on them, and eliminate the disease for all time.

In that regard, a great deal of work is being done in my own province—I am not conversant with the work in the other provinces—in mass surveys. If 4,000 people in a town appear for X-ray and possibly three, four or five cases of incipient tuberculosis are found, even if that small proportion of the population is found suffering from this disease it makes the survey worthwhile because every one of those people is a carrier of the disease in so far as the rest of the population is concerned.

However, I was speaking of mental disease, and it continues to account for a high percentage of bed occupancy in hospitals. The provinces are spending large sums of money to provide accommodation for those who are afflicted. It is unfortunate that mental diseases for so long have produced so much suffering in the world. They have not, in general, received the same attention in the field of preventive medicine. In looking back over the history of mental disease one finds there was a time when this disease, through ignorance of the cause, was attributed to demons. Later there was a form of what might be called custodial care. The patients were shut up and their treatment was not what perhaps, in the light of present day standards, we would consider as anything less than cruel.

There may be varying causes for this increase in mental disease in Canada. Some place, somewhere, we must look for that cause and if there is a possibility of correcting it we should turn our attention to those corrective measures. We hear all sorts of reasons advanced as to why this is occurring. It may be the stress and strain of present day life. It may be that something is wrong with family relationships, or it might even be attributed to an increase in alcoholism. There is a cause for it some place. Statistics show there is a high percentage of bed occupancy in the hospitals of the country due to this disease. In fact there are as many people with mental disease occupying beds as there are with all the other bed-occupancy causes put together; that is, those who are suffering from acute diseases. The building of more hospitals will not entirely solve this problem. We also have to give up one other concept and that is the old concept of custodial care.

As far as mental disease cases are concerned, while the admission rate into hospitals does not compare with the rate for those who are admitted for medicine and surgery, it is the slowness of the recovery of those people that is a major cause of the hospitalization. But there is one bright spot, Mr. Chairman, and that is the number of cases that are being discharged as cured from those institutions. In view of that fact, I think we have made a great deal of progress along the line of dealing with the disease. The only thing now is to do something further. If we can correct the cause of this disease, if we can by treatment or prevention do something toward eliminating a great deal of this trouble that is afflicting people, then we shall be making quite a bit of progress.

If we take mental disease as an example, history has shown that interest in the treatment of the disease has always preceded interest in its prevention. Success has now been shown in the treatment and the outlook is brighter. As I said before, that brighter outlook can be seen from the large number

of discharges of people after short-term treatment, and of people who were afflicted for longer periods.

What we require in dealing with this disease that seems to be uppermost in the concern of those who are working in the field of public health is hospitalization, of course, where it is required, and mental hygiene clinics and more trained personnel. If we are to carry on a successful campaign against the incidence of this disease we require more people who are trained both in the treatment and the nursing of this disease.

There is one other point I should like to make. I made an appeal to the minister concerning the question of coronary disease. When the estimates of the Department of Veterans Affairs were up I suggested to the minister that a study could be made of that older group among the returned veterans, especially of world war I and of world war II. I suggested that they could go through their hospital records and thereby derive certain information regarding the cause of coronary disease. If there is one group of people who were subjected to the strains and stresses it is the veterans of the first and second world wars.

The Minister of Veterans Affairs agreed to consider it. I suggest to the Minister of National Health and Welfare that this is one group with respect to which he could lend assistance in a study of the causes of this disease. This disease is becoming pretty common. You can hardly pick up a newspaper nowadays without noticing that some well-known man, possibly a man who had a great deal to contribute toward the building up of this country, has suddenly passed out from this disease. It is not just a disease of old age that is afflicting people who have a great deal to contribute. It is afflicting people at the age of 40, 45 or 50. You see very promising careers cut off suddenly by this disease. It is true that a fair number of them recover, but on the other hand they have to live within their limitations and possibly are not as active as they would have been if they had not suffered from the disease.

Unfortunately the whole picture in regard to the percentage of mortality cases is changing; coronary disease, listed of course with diseases of the heart, is coming up to the top of the list. If anything should be done it is research, research into the diet and into the way in which people live. There is a cause for this increase in the number of these cases. It is gratifying to know that last year an organization made its first appearance in Ottawa. It was a group of specialists formed to consider this disease. There is a great field for them in this work. I was certainly glad to see that a beginning had been made among a body of men who are so well acquainted with the disease. I think it will do a great deal to stimulate research into the question, and it certainly should be to the advantage of the citizens of this country.

Another thing that seems to be bothering the health authorities is the incidence of cardio-vascular disease among our people. We commonly call it high blood pressure. Further study should be made of this disease and information should be derived from that research which would produce new procedures for the early detection of heart disease, and facilitate treatment and improve further the prognosis.

There are many subjects, sir, that should receive consideration by this committee. I have spoken of these two, mental disease and coronary disease, because of their increasing incidence. However, I wish to refer briefly to the importance of the benefits of research grants and fellowship programs. I know that a great deal has been done in this country, but I feel that the more research we can afford, the more money that is devoted to research by the department, the more will be done in that regard and it will pay for itself in time in relieving suffering and in cutting down the incidence of disease.

There are many fields in medicine which are left to be explored, so that any country such as ours needs an adequate force of skilled scientists and more information if we are to solve such health problems as cancer, mental disease, heart disease and even the common cold.

There is another matter that I should like to bring before the committee, namely the question of old people. It is true that we have lengthened the span of life. New discoveries, new methods of treatment have gone a long way toward lengthening the span of life, but there will come a time when something happens, and it seems to be cardio-vascular disease or cancer, that will ultimately carry them off. If we can make life better for these people of advanced age by new methods of treatment we should do everything possible to devise those methods.

I am concerned about the care of those elderly people. It is difficult to find some place where they can go when they become ill, when they become chronic invalids. We talked the other night on a bill about nursing homes. It is true that nursing homes are helping in a great way to take care of many of those people, but on the other hand you will find them in the hospitals possibly suffering from some chronic disease without

hope of recovery. There is no place else to put them, and they are occupying beds which possibly could be put to use for acute cases, if there were some places in which those chronic cases could be properly attended. Hospitals seem to lack care for those suffering from chronic diseases, and especially those in the older groups.

There is another matter at which we should take a second look, and that is the legislation concerning old age pensions. Under present conditions I find people writing to me very often stating that they find it very difficult to get along on $40 a month. Sometimes I feel that some of those who are trying to get along on $40 a month are suffering from malnutrition.

So far as hospitals are concerned, there still remains a demand for beds. It is expensive to build hospitals even with the grants given by the federal and provincial governments. The question of the cost of hospital care still remains before us. To the individual who seeks a private room, a semi-private room or even ward care, hospitalization is a very expensive procedure; and not only that, but hospital boards throughout the country are continually trying to balance their ledgers and they find it extremely difficult to finance their institutions.

One other matter I will discuss at brief length is the question of the shortage of nurses. I do not believe the shortage is as extreme as it has been at previous times. The minister has always told us this is a provincial matter. It is perfectly true that the training of nurses comes within the jurisdiction of the provinces, but I think something further could be done by the federal government in view of the large number of nurses employed by that government. The federal government requires nurses for its veterans hospitals and for the institutions which come under the care of the minister. T.C.A. also require a large number of them. Because the federal government requires so many nurses for its various branches I feel that something could be done by this government by way of grants to assist some of the institutions which find it difficult to train nurses.

I have one other matter for the attention of the Minister of Finance. From time to time we have an application from someone who is importing some of the new drugs from the United States. There have been concessions made, and I was very glad when the matter of oxygen received consideration by the department. There are still drugs, however, which are available in the United States at a much lower price than that for which we can obtain them here in Canada. These drugs are continually used by physicians. If they accomplish something in the way of relief or cure I think we could very well do something to reduce the price of those drugs by bringing them into the country free of any duty or anything else which contributes toward making them more expensive for the patients who require them.

I have one other matter to discuss, and I realize it is not the concern of this committee in so far as legislation is concerned; that is the question of accident prevention. This matter has been before the house before. Last winter we were all alarmed at the tremendous number of children who were burned in fires throughout the whole of Canada and particularly in and near the city of Ottawa, where the matter was constantly brought to our attention. I do not know if there is any legislation regarding the electrical wiring of houses or fire prevention that would do something to cut down this high rate of mortality from burning, but if there is something that can be done we should do it. If nothing can be done in the way of legislation, would the minister put out pamphlets and advertisements and carry on a definite campaign concerning this matter?

Another aspect of the same subject is the question of highway accidents. I realize that to some extent this matter comes under the Criminal Code, but our rate of accidents in Canada is becoming simply ghastly, and in some way all governments must work together to stop this tremendous mortality rate on the highways of our country. I remember producing statistics in this house two years ago, I think, that revealed our bad record in this country compared with other countries in the world in the matter of highway fatalities. If anything can be done by consultation among the provincial governments or through legislation originating in this parliament, I suggest we should co-operate with the other legislative bodies in doing everything we can to decrease the rate of mortality among children and adults who are burned in fires and the number of people killed as a result of highway accidents.

I may have other statements to make on particular items, and I shall defer any criticism or contributions I wish to make until that time.

Mr. Knowles: Mr. Chairman, we are now dealing with the estimates of one of the oldest departments of government in this country, and I am sure the minister will agree with me when I say we are dealing with the estimates of one of the most important departments of government. Indeed, he is favoured in having the responsibility of presiding over the affairs of the Department of National Health and Welfare.

As one who is sometimes known as a severe critic of the minister and the government for the snail's pace with which it deals with matters that come under the general heading of health and welfare, I want to say that we in this group are proud of the extent to which we have made some progress in this field in Canada.

It is now recognized—and this is a departure from the days when the British North America Act was framed and the word "health" was not even mentioned in it—that the health of the Canadian people is a social responsibility and therefore a responsibility of government. It has also been recognized by this parliament that economic security, particularly with respect to contingencies over which people have no control, such as old age, is also a responsibility of the legislative bodies of Canada. We have recognized that responsibility in a way of which we in this group are particularly proud; namely that we have established in Canada the principle of universality with respect to old age pensions, at least for those 70 years of age and over, and with respect to family allowances.

Nevertheless, Mr. Chairman, although we welcome the progress that has been made in Canada, we are extremely critical of the government and of the minister who presides over this department for what we feel to be an attitude that the job is done. It seems to me that what the minister and this government need to learn is a very simple truth that was brought home to Alice in Wonderland; namely, that there are times when you have to run as fast as you can just to keep up with where you are.

The minister and the government, particularly since old age pensions were put on the new basis represented in the Old Age Security Act and the Old Age Assistance Act, seem to feel that all of us on this side of the house and all the people in the country should from this point on just praise the government for what has been done. The government seems unable to realize that time is moving on and problems such as those facing our senior citizens, and problems in the field of health such as those which have been outlined so capably by my friend the hon. member for Lanark, require serious attention and action at a much faster pace than they are getting from this government.

In fact, Mr. Chairman, I want to suggest to the government in the words of a pamphlet which I have on my desk and to which I made reference in the committee on estimates, that the time has come for a new look in welfare. That phrase, "the new look in welfare", was the title of an address given recently in Toronto by Professor John Morgan of the school of social work at the University of Toronto.

I indicated in the committee on estimates when we were dealing with these matters that Professor Morgan's thesis, if I do him justice by trying to boil down a lecture into two or three sentences, is that the time has come to realize that welfare is not just a matter of rescuing the underprivileged but rather it should be seen as a case of the mutual dependency of all individuals in our highly organized society. At one point in his lecture Professor Morgan referred to a phrase which is quite common, namely the welfare state, and suggested that it might be an improvement on that phraseology to speak of the "socially responsible state". I think hon. members will recognize what Professor Morgan has in mind in suggesting that change.

There is perhaps a tendency, at any rate on the part of some of those who talk of the welfare state, to think of programs of public welfare as programs for rescuing the underprivileged. Let it be said categorically that so long as there is one underprivileged person in the country it is the job of society to try to rescue that person. But Professor Morgan makes the point that in our highly organized society there should be a recognition that there is a mutuality of responsibility and a situation of interdependence which can be more accurately apprehended under the title of a "socially responsible state".

It is that new look which I should like to urge upon the Minister of National Health and Welfare, upon the government, upon this parliament, and indeed upon the people of Canada who are interested in these problems. As I have already suggested, let us never fail in our responsibility toward the underprivileged, toward those in need, but at the same time let us recognize that we have a tremendous opportunity with the tremendous wealth that we are capable of producing in this modern age to organize our society on the basis of mutual interdependence in such a way that all members of the community, all members of society, may enjoy health and economic security.

Some of those who attack expenditures on health and social security seem still to have the notion that programs under these headings are simply programs to give something to certain individuals. We suggest that the proper approach to health and welfare programs in this day and age is to see in them a general or co-operative sharing of the wealth we are able to produce in such a way that all our people will have decent minimums of health care, decent minimums of

social security and be able to enjoy life to the full as we believe it is possible in this modern age.

Toward that end I urge upon the government, using again the words "new look", that it reconsider the whole question of our old age security. As I say, the Minister of National Health and Welfare seems to feel that because we are paying at the federal level pensions of $40 per month to all Canadians 70 years of age and over, that because we are paying at the federal level half the cost of pensions on a means test basis to those between the ages of 65 and 69 years, that is enough for the time being. I suggest that anyone who takes that approach is looking at welfare on the old basis, as a case of handing out money solely on the basis that there are underprivileged who are in need.

We contend that it should be the aim of our old age security program to share with the senior citizens in any generation the wealth which is being created at that time, the volume of which is due in part to what the senior citizens did in their working days to build up the country. You do not recognize that principle by the payment of only $40 per month at 70 years of age and only $40 a month between the ages of 65 and 69 years on a means test basis.

I shall perhaps have more to say on this when we reach the particular item in the estimates, but I want to lay it before the minister and before the government at this point, as one of the most important items to which attention should be given, that the time has come for a substantial increase in the amount of the old age pension and for the removal of the means test at age 65.

As everyone knows, we have witnessed in recent years a tremendous increase in our gross national product. It was something of the order of $16·4 billion in 1949, and I take that year because that is the year in which $40 was first set as the amount of the federal old age pension. The predictions are that this year it will be of the order of $28 billion. That is an increase of more than 70 per cent. Although from 1949 until the present we have witnessed an increase to the extent of 70 per cent in the gross national product of this country, we are still paying to our senior citizens the same amount of pension we paid in 1949. It is true that certain changes have been made in the meantime, in that the pension has been put on a universal basis and the age of eligibility has been changed, albeit with the means test; nevertheless the amount our older people get out of the federal treasury or as a result of federal legislation is still the same as when our gross national product was considerably less than it is at the present time.

That is not in keeping with what I have referred to as the new look in welfare. That is not in keeping with Professor Morgan's phrase, "a socially responsible state". The greater wealth we are producing today is due in part to those who are working today, but it is due also in part to what our older people did in the decades gone by in helping to build up this country. It is our contention that these older people who have helped to make possible what we are enjoying today should be given, not just enough to maintain a bare existence but a proper share in that greater wealth.

Toward that end we suggest that the increase in the amount of the old age pension should bear some relation to the increase in our gross national product. Since the amount of the old age pension was set at $40 there has been a 70 per cent increase on the one hand and we suggest that that should be matched by an increase of similar proportions on the other hand. If you take that figure the pension should be increased to $68 per month. We suggest that certainly it should not be less today than $60 or $65 a month, and we urge that on the government as strongly as we can.

Some of us were disappointed a week or so ago when we seemed to have difficulty getting out of the government a clear-cut statement as to what was going on in the government's mind regarding an increase in the old age pension. When the question was asked as to whether the government was planning to increase the old age pension at this or the next session the answer was, "No." When the question was asked whether the government was considering the plight and needs of our senior citizens, the answer was, "Yes." So the newspapers are confused; so the people of Canada are confused.

The difference between consideration and planning may be a case of splitting hairs which makes it possible for the government to give one answer to one question and another answer to the other, but we suggest that no society, no economy, is capable of making any boast unless it provides a decent medium of security for its older citizens. We say to those on the treasury benches that if they think they have any right to claim another vote of confidence from the people of this country, before they go to the people they must present to them a decent, adequate increase in the old age pension. We say it should be raised without delay to not less than $60 or $65 a month.

I share with the hon. member for Lanark the satisfaction that the estimates of this

department were referred to the committee on estimates where we did have a very good discussion. Nevertheless when we discussed this matter in the committee the minister suggested that the provinces had some responsibility in this field as well as whatever responsibility the federal government might take. It is our contention that if you try to pass to the provinces responsibility for anything beyond $40 a month to our old age pensioners you are getting away from the principle of universality which the Minister of National Health and Welfare is so pleased about so far as old age pensions are concerned.

The provinces simply do not have the resources to pay pensions to everyone without a means test. If you pass the buck to the provinces so far as any increase in the pension is concerned you are asking for a reinstatement of the means test, at least with respect to that part of the pension, and I am sure the minister agrees with me that after the long struggle it took to get rid of the means test we do not want to go back to it. Yet to suggest that any additional amount of pension should be paid by the provinces is to ask for a reinstatement of the means test. Incidentally, Mr. Chairman, that is one of the reasons I sought to speak about this the other day in the context of another matter. However, that debate is over.

But I say to the minister that he is not measuring up to his own responsibility in this field. He is not being consistent with his pleasure that the federal government has accepted the principle of universality. When that principle is endorsed in other countries the minister is always glad to note it. He is always pleased when in the United States or in some European countries bouquets are given to Canada for the fact that we pay a pension without a means test, but I say the minister is not being consistent with his satisfaction over that fact when he replies to us that the provinces should take over from the $40 figure in so far as any additional amount is concerned.

Therefore, Mr. Chairman, I lay that before the government on behalf of this group just as strongly as I can. I am conscious of the fact that I am laying this before the government not many months in advance of an occasion when the government will probably go to the people of the country. I say that if they are going to the people of Canada, to whom they owe their responsibility, before they do so they should indicate clearly what they are going to do in the important field of old age pensions.

As I indicated earlier in borrowing a few thoughts from Professor John Morgan, I feel that the idea of a new look in welfare also calls for a new approach to the whole question of health care. We all listened with interest to the speech made a few minutes ago by the hon. member for Lanark, and I am sure he too would agree with this quotation, which is in line with some of the things he said. I quote from Professor Morgan:

> It seems clear to me that the socially responsible state must necessarily recognize an overriding responsibility for insuring that as many people in the community get as much health care—notice I say health care and not disease cure—as can effectively be arranged.

If we are going to take a new look at the health of the nation, if we are going to recognize that this is a responsibility just as great as if not greater than some of the things we do under the heading of defence production, which we were talking about earlier, or under the heading of trade and commerce or under the heading of finance—and I suggest, and I think the Minister of National Health and Welfare will agree with me, that when we are talking about the health of the people of the country we are talking about something that is far more important than these other matters—we have to strike out much more boldly than the government has done up to the present time.

I am aware of the proposals made to the provinces by the federal government as a result of the meetings held in Ottawa in January of this year. As I said in the committee on estimates, we of this group welcome those proposals as a step in the right direction. To have them put into effect would certainly bring about a better situation than that existing at the present time. There are certain things that are good about those proposals. In any province in which they would come into effect the principle of universality of such hospital care as is provided would be established. A portion, though in our view not a sufficiently large portion, of the cost of hospital care is to be paid for, according to the proposals, out of the federal treasury, and to the extent that that amount is paid out of the federal treasury there is some recognition of the principle of paying according to ability to pay.

But, Mr. Chairman, in our view the proposals do not go far enough. In the first place they cover only hospital care and one or two other matters. They do not cover some of the major items of health care. The government's proposals are not set up on a basis that gives us the hope that within a reasonable time they will be extended to all the people of Canada from coast to coast, in whatever province they live. The sharing of the cost is not on a basis that puts enough of the cost on the federal treasury where costs are met according to ability to pay,

rather than according to the illness that people happen to suffer. There are also other shortcomings, such as the failure to provide coverage for people in mental institutions and others in similar categories.

Nevertheless we would like to see a start made. We regret that so far only three provinces have agreed to the plan whereas the government requires six representing a sufficient number of people to constitute a majority of the population of Canada. But we suggest that one of the reasons for the slowness on the part of the provinces is that the federal government has not measured up to its own responsibilities in this field, has not played a role consistent with the talking it has been doing in the field of health insurance for many years.

I am not going to go back again to that ancient year when the Liberal party first started talking about health insurance. Everyone knows what year it was. There are a number of members in the house now who were not even born when the Liberal party first advocated health insurance. But I would remind the minister, who is proud of the proposals that he has been in a position to make to the provinces this year, that some pretty striking publicity was given to moves made by this government some time ago. I hold in my hand a copy of the Ottawa *Journal* which is getting a bit yellow. The date is Tuesday, March 16, 1943; in other words it is over 13 years old. The main heading reads, "Billion Dollar Yearly Outlay Required for Post-War Social Security Plans". Look at the next heading: "Health Insurance Bills Provide Medical and Dental Care." Over in the right-hand column in the main story I find that it says:

> A gigantic pooling of Canada's doctors' bills was proposed today by pensions minister Mackenzie in draft health insurance bills submitted at the first meeting of the special House of Commons committee on social security. Health insurance was presented as a concrete measure for study by the committee but the minister also submitted a report on a general plan for social security which would involve retirement pensions, revisions of the present old age pensions and unemployment insurance systems, children's allowances and funeral allowances, as well as health insurance.

Then spelling out what had been laid before parliament, here is another article on the front page under the heading "Still Have Choice of Doctor Under Health Insurance Plan". Then over here in another column I find the highlights of the proposals of that day, and this is a reference to the Marsh report which was laid before parliament at that time. There are eight or ten proposals set out and one of them is this:

> Institute free medical care for all citizens.

I well remember when this paper came out. In fact I was so greatly interested in it that obviously I saved it so I would have it in future years to look back and remember that on that day the Ottawa *Journal* came out and told us the news, that health insurance was before us as a concrete measure just around the corner.

Mr. Chairman, the Ottawa *Journal* was not off the beam in what its columns said about draft bills, because at least one draft bill was prepared. I have a copy of it in my hand. The date at the top is April 26, 1944. It is marked "Draft Bill". It was actually tabled in the House of Commons in August of that year, but that is as far as the government went with it. The long title of the bill is as follows:

> An act respecting health insurance, public health, the conservation of health and the prevention of disease.

Clause 1 reads as follows:

> This act may be cited as the national health act.

It is a bill of some 43 pages, spelling out in detail the mechanics for setting up national health insurance. That was back in 1944. Incidentally, this particular bill was available to certain candidates in the 1945 election, as indeed there have been other items and documents through the years to show that the Liberals stand for health insurance. There is no doubt about that. The Liberals stand for health insurance and they have been standing for it for a long time. But they seem to have the opinion that by assuring the people that they stand for it, by promising them that something is going to be done, by making proposals to the provinces, the people will keep on putting them back here, counting on the government doing something about it.

We welcome the proposals the minister made to the provinces this year, despite their shortcomings about which I shall have something to say later. But my fear is this, and it is a fear that has been developing in the last two or three months as time has gone by with no more than three provinces agreeing. My fear is that the government has made these proposals requiring the concurrence of at least six provinces, including either Ontario or Quebec, hoping that the making of these proposals will do as a health insurance plank for another federal election. I submit, Mr. Chairman—and I think the minister knows it—that he cannot face the people of Canada in another election unless something is done. I am sure the minister knows that in order to convince the people of Canada that something is going to be done, these proposals must be revised and improved to the point where they will be

more acceptable to the provinces, so that the required six or more will come into the arrangement.

I plead with the minister and the government, as I did with respect to old age pensions, to face up to the seriousness of this problem. I care not whether our gross national product is $28 billion, $48 billion or $108 billion; I care not about the buildings, the highways or the other things that we may produce as marks of our great civilization. If we are not able to take care of the health of our people, on both a curative and preventive basis; if we are not able to make sure that our people get health care because they need it, whether or not they have the money with which to pay for it, just as we insist that every child gets an education regardless of the income of his parents, I say that our economy has nothing to boast about.

I urge that the minister and the government take a new look at these proposals, at this health insurance scheme which seems to have bogged down. I urge that following that new look some modifications and improvements be made so we might very soon have the enactment of this health insurance plank that has been promised across the years. I am indebted to Professor Morgan, as I have already said, for the phrase that I have used more or less as the theme of my remarks today, namely the need for a new look in welfare.

I call upon the government to take a new look at these two important problems of old age security and the health of our people, and to put into the solution of these problems enough will and determination and enough money to see to it that our people have decent security in their older years, and that all the people in this country have the health care they deserve.

Mr. McLeod: Mr. Chairman, I should like to follow the two previous speakers in the request for greater and improved health services. I believe everyone in this house is quite sincere in asking that that situation be brought about. However, in so far as the last speaker is concerned, that is just about as far as he and I are in agreement. I certainly cannot agree with the method by which he wants that situation brought into effect.

I listened with a good deal of interest to the hon. member for Lanark, as I always do when he speaks on health matters. He speaks with sincerity, and of course he also speaks from professional knowledge that we as laymen do not possess. But in looking at this department we must realize that an extremely large amount of money is involved, namely over $70 million. Yet it is not a matter of dollars and cents alone. In the committee on estimates this department received careful consideration, and I believe we worked co-operatively. I know the minister and the officials of his department co-operated to the fullest degree with us. Some 370 printed pages were devoted to the proceedings of this committee, and many of the matters were discussed at length. I therefore feel that it is unnecessary to go into them in any great detail today.

Health is a national problem, Mr. Chairman. I do not think anyone disputes that statement. So long as federal taxes constitute the lion's share of taxation in this country—I believe about 72 per cent—a large measure of responsibility must rest on the shoulders of the national government. In saying that I am not saying I am in agreement with the method of taxation and with the need of having that procedure of health and welfare care followed. We must realize that it is policies such as that under which we are working, and we must govern ourselves accordingly. But as I say, national assistance is becoming more and more necessary. At the same time, however, we must have co-operation between the central or national government and the provinces.

I am glad to note that throughout the entire proceedings of our committee the minister of this department and every one of his officials expressed a keen desire to work with the provinces in a wide-open spirit of co-operation. So long as that spirit prevails there is not too much fear from central domination or central control.

I should like to refer in a general way to the national hospital assistance plan. However, I do not think I need to say any more than the few words which I said in committee. I realize that this, speaking of the national hospital plan, is an interim step and I do not believe we should look for perfection at this time. We are bound to find that there are some difficulties and we shall meet some problems that will have to be ironed out.

Now, there are possibly some problems within the framework of this proposed scheme, but I am confident that with the spirit of co-operation which the minister evidenced in his appearances before the committee there should not be too much difficulty along those lines. Some of us were disappointed that assistance was not provided for the care of mental cases. Of course I think that resulted more from the fact that we were not correctly informed. I understand that mental cases being cared for in hospitals will be treated as ordinary hospital patients, and a share of the cost

of looking after those patients will be provided. Of course those in institutions will not be a responsibility of the federal department.

Then we must realize, as was so well pointed out by the hon. member for Lanark, that the thinking of the medical profession today is directed more toward preventive medicine than to the cure or treatment of disease. Of course we cannot neglect treatment; we cannot let these people die without attention. But I believe that over a long period of years we will derive more benefit from every dollar that we can possibly channel into research work and into every known means of preventing disease. I was glad to see that there is a lot of money—I am not going to say it is enough—being contributed by this government along those lines. For instance, commencing in 1948-49 there have been grants from the national treasury for the care of crippled children totalling $129,676. There has been $2,208,016 given toward mental health.

The hon. member for Lanark mentioned the system of control and checking in connection with tuberculosis. We have practically eliminated that disease. There has been a contribution of $611,573 toward that. Then there is the very important field of public health research. It is something that I should like to see expanded very widely. There has been a contribution of $2,415,016 toward that. Then for general public health the contribution amounted to $1,566,944. Child and maternal health is another very important field that has been given a lot of consideration. We have prenatal care and infant care today such as was not dreamed of, and I think the smaller death loss in infancy can be attributed in no small measure to advances in these two fields. So we have a total of $6,999,364, and that does not include a grant of $682,966 to the cancer control institute.

We are asking for larger grants, and of course that is human nature. We are never satisfied with what we are getting. However, there is no point in making grants, Mr. Chairman, unless the facilities are available to make use of these grants. We find in another table that of the total that has been allocated, $6,999,364, the total expenditure during that period was $5,775,271. I feel that every person in this house will agree that if the various departments of health in the provinces and the various research centres throughout Canada had the facilities to use the total amount of money which was allocated, they would certainly have used it and been crying for more. Here we see that there is over $1 million, almost a million and a quarter, of the amount that was made available which these various institutions were not able to use. Therefore I would certainly recommend that every effort be made to enlarge the facilities in this important field of research and preventive medicine. Then when we have got to the stage where we are able to use all the money which is made available, it is time for us to start hollering for more money.

Of course we realize that there are some steps being taken to increase the number of pupils who are taking advantage of professional training. The hon. member for Lanark mentioned mental illness, and perhaps the greatest shortage of trained technical and professional men and women is in that field. However, I am glad to see that steps are being taken to provide scholarships and financial assistance, as well as training centres, where these people can get the necessary instruction if they so desire.

Now, Mr. Chairman, I just want to say a few words about welfare. We have had quite a demand for the new look in welfare. I do not think any of us feel that our senior citizens and our disabled, no matter for what reason, are being properly cared for. Again I am going to put on the record a few words which I said in committee in dealing with this subject. "I know we will all agree it is a disgrace, in a country with the gross national product and the gross national income which we have, to expect people to live on $480 a year. It is just proof of the fact that the time has come when we have to take a new look at it and give further consideration to those who are dependent entirely on it."

I think those last words, Mr. Chairman, will give you an idea of our thinking along those lines. We do not like the sound of that word "universality", and we do not like this system of transfer payments to everyone when they reach a certain age. On the other hand, we are firmly convinced that those who are unable to earn their own living whether it be through age, sickness or disability, must be provided for by society. And, of course, the only way in which that is done, or can be done, is through some sort of national scheme in co-operation—and again I stress the word "co-operation"—with the provinces.

Since I come from the province of British Columbia I am proud to say that our people in the categories I have just mentioned are cared for a little better than the national average, but we realize that even that is not good enough. I would make a special plea to the minister that the pensions across Canada for those unable to earn their own living, regardless of the cause, should be brought up to a standard which would allow

them something that is in keeping with the productive capacity of this great country of Canada.

I would like to make a special plea for the blind in a word or two, in closing. This class of afflicted persons has special problems. Seeing-eye services are required. There are personal appliances that are available for them; there are appliances for use in their homes that are available to blind persons and I would suggest, Mr. Chairman, that some provision should be made under which those blind people would be given a fund to purchase the many things which would make their way of life much easier and much brighter.

Mr. Thatcher: Mr. Chairman, the estimates of this particular department were before the estimates committee this year. I was a member of that committee. Therefore I should like to say a few words in this debate.

The major item involved, of course, was the proposed national health insurance plan. I think it is fair to say that all political parties in this house favour the principle of a national health insurance plan. The Prime Minister has stated in effect that when six provinces, including either Ontario or Quebec, agree to participate, we are going to have the plan. I suppose an agreement will be reached in the very near future. In view of that fact I think Canadians, particularly hon. members, today should give a good deal of thought to the costs which are to be involved in a plan. I think they should also consider the methods which are to be used to raise the revenues to pay for the plan. At page 61 of the proceedings of the estimates committee the minister made this statement, and I quote:

> The total scheme is going to cost the federal government $182 million at the minimum in its first year.

Now, Mr. Chairman, since the provinces must match that sum it is contemplated that the initial cost will be about $364 million. Personally I think even this figure is far too conservative. If we take the experience of the Saskatchewan and British Columbia governments with their hospitalization schemes we can expect that costs will go up very rapidly and very sharply once the program has been inaugurated. Only in the last week, out in the province of Saskatchewan, the government was forced once again to raise its hospital rates substantially.

I think costs will go up, particularly in the first year or so of the plan, because immediately it is inaugurated, immediately the beds theoretically are supposed to be free, you have an abnormal demand for hospital beds. The various governments concerned will have no alternative but to build additional accommodation. I say, therefore, the cost—and I think parliament should realize it—will probably quite substantially exceed the figure mentioned. So long as the general taxpayer and the general public are aware of that fact, I think the new plan will work well. But I am absolutely opposed to a painless method of financing this scheme. I think every citizen should realize that this measure is going to be paid for, not by the government, not by the wealthy people of this country, not by the big crown corporations but by the average Canadian out of his hard work and toil.

I think a national health insurance plan is certainly desirable; I favour the principle of it. At the same time I think everyone should realize that it is going to take very heavy taxation to pay for it. I believe most strongly, even though some may not agree with me, that every individual who has working capacity should make a direct contribution to help pay for national health insurance. Hospitalization, as we found out in Saskatchewan, is a very expensive business, and it is imperative that any kind of scheme should be protected against abuses. It seems to me that the best way to ensure this protection, the best way to keep costs within reason, is to have a system of financing which forces people to realize that the services they are getting are not free. Therefore I appeal to the minister this afternoon—at this time I appeal to him as a member of the Liberal party, I guess—to finance this scheme, or at least a portion of it, by the direct premium or contribution method.

In the committee the minister was fair enough to point out that for constitutional reasons it might be difficult to finance a hospital scheme by a direct premium method. He also said it would be most difficult for the federal government to point out to the provinces that they had to finance their share by the direct taxation method.

Mr. Chairman, if that is correct I think it is most regrettable, because it seems to me it is far too expedient to finance social welfare schemes by the back-door method. If these taxes are hidden, too many people remain in blissful ignorance of the actual costs involved. If this should happen with our national health insurance scheme, I think in the long run it may mean very real trouble.

As I see it, Canada needs a national health insurance plan; as I see it, most Canadians want such a plan. Yet if the provinces decide not to incorporate the direct personal premium into the financial arrangements, I think costs will rapidly skyrocket. Therefore I believe the federal government should make one of the conditions requisite to entry by any province, an assurance that at least a part of the financing will be done by the

direct premium method. I hope the minister will give some consideration to this suggestion.

Mr. Hees: Mr. Chairman, one thing I think we will all agree has become very clear during the last few years is that the $40 old age pension is inadequate to provide a livelihood for our older citizens. I think every hon. member is familiar with cases of older people who are experiencing real hardship today, and the increasing cost of living is making the situation grow worse as time goes on.

Since the pension was first introduced in 1950, its value in terms of the things it will buy has been steadily decreasing, with the result that today you must spend $45.70 to buy the same amount of food, clothing, heat, rent and the other necessities of life that you could buy for $40 when the pension was first introduced. That means, Mr. Chairman, that in terms of things it would buy in 1950 a $40 pension today is worth only $34.30. In another 10 years, at the present rate of inflation, the value of the pension will have been reduced still further until it is worth only $25.

In addition to the inadequacy of the pension as a means of support for people over 70 years of age, another very serious problem is that faced by workers who reach the age of 65 and are retired, and for whom no pension plan has been available to which they could contribute during their working years, and by which they could support themselves and their families when they are retired.

Some firms have pension plans but unfortunately the great majority do not, and when most workers are retired at 65, they have only the savings which they have been able to lay aside during their working years, after meeting the many obligations which families encounter from time to time. Often a lingering illness or serious accident has reduced those savings to a point where there is little left to live on after the breadwinner of the family has retired. I think we all agree it is obvious that some better method must be found for bridging the gap between 65 and 70 years of age, and for bringing our old age pension more into line with the needs of the great majority of the people who receive it.

The question is, of course, how can this desirable end best be accomplished? I believe, sir, that the social security system in operation in the United States offers a practical means of providing such a plan, and supplementing our basic $40 old age pension so that our people may look forward to their later years without fear of hunger, cold, or lack of the primary necessities of life.

For the past 20 years the United States has had in operation a contributory social security program which is paid for by contributions from employers, employees, and the self-employed. The way this plan operates has been very well outlined in an excellent pamphlet entitled "20 years of social security" issued by the United States department of health, education and welfare, social security administration, under code No. OASI-26-C, August, 1955.

Mr. Martin: Is my hon. friend aware that the United States is giving consideration to adopting our old age security plan?

Mr. Hees: Well, Mr. Chairman, after reading this pamphlet, I would be very surprised if they are. They might be using some features of our social security plan, but it seems to me the social security program outlined in this pamphlet is a very excellent one, and bears consideration. I know from talking to quite a number of workers in the United States that the plan is very popular with the people in that country.

Under this program, when a worker's earnings cease due to retirement at 65 years of age or later, monthly cash benefits are paid to the worker. If he dies, monthly cash benefits are paid to his survivors. Today nine out of ten people living in the United States who work for a living can look forward to receiving retirement benefits from the federal social security program, and nine out of ten mothers and children are assured of receiving monthly cash benefits upon the death of the breadwinner of the family.

When this program started 20 years ago, only those employed in commerce and industry were eligible to participate in it. However, in 1950 and 1954, amendments were passed by the United States congress which extended the coverage of this program to most self-employed people in business, on farms, and in certain professions, and also to hired farm workers and domestic workers as well.

By the end of 1954, the monthly average payment to a retired worker with no dependents was $56.50. To a retired aged couple it was $98.50. To aged widows it was $46; and to widowed mothers with two children it was $126. These figures are averages for all beneficiaries. Payments are higher for those who have more recently come on the rolls, and whose benefits are based on earnings from 1950 on. Among these, the average monthly benefit paid to a retired worker with no dependents is $76; an aged couple, $128; an aged widow, $65; and a young widow with two minor children, $180. There is also a lump sum paid to a worker's survivors, varying from $90 to $225, and obviously designed

to pay funeral and other expenses that occur at the time a person dies.

I think it is interesting to note that the year 1950, the time from which one can qualify for this latest series of payments I have mentioned, was the same year when our present old age pension plan came into operation, which pays $40 at 70 years of age, and provides no survivors' benefits.

Under the provisions of the 1954 amendment, a United States worker who meets certain work requirements may preserve his benefit rights during a prolonged period of total disability, by having his earning record frozen. When that record is frozen, the period during which he is disabled and receiving little or no earnings does not count in determining the amount of work required for payments, or in figuring the average monthly earnings from which the amount of the benefit is figured.

Money to pay for old age and survivors' insurance comes from social security contributions, paid by employees, employers, and the self-employed. These contributions are paid into a special trust fund which can only pay out benefits and the cost of administering the program. These contributions amount to 2 per cent for employers and employees, and 3 per cent for the self-employed, on earnings up to $4,200 a year. The cost of administering the program amounts to 2 per cent of total contributions.

I believe these figures give us an idea of the social security coverage which a United States workman receives in return for the payment of 2 per cent of his wages.

Let us now see what his Canadian counterpart pays and receives. First of all, the Canadian workman pays 2 per cent additional income tax, and an extra 2 per cent sales tax on practically everything he buys. In return he receives a pension limited to $40, for which he has to wait five years longer than his United States counterpart. If he should die, there are no survivor benefits whatsoever.

Thus we can see that the Canadian workman pays considerably more than his United States counterpart, and receives considerably less social security coverage in return. For these reasons, I submit that the United States social security program should be given very serious study by this government as a means of making available to Canadians, first of all, a contributory retirement pension at 65 years of age; second, survivors' benefits for dependents; and, third, adding sufficient to our old age pension so that our people can look forward to their later years with confidence and peace of mind.

[Mr. Hees.]

Mr. Martin: There is a question I want to ask so that my hon. friend's statement may be complete, because I followed him with great interest. Is the hon. member suggesting that we should adopt the old age security program of the United States which, as my hon. friend knows, is based largely upon a means test except for certain items.

Mr. Hees: No, I did not say that; I said that I believed there were many features which were attractive, and which would prove useful in our Canadian social security system. I urged the government to give that program serious study to see what features could be incorporated into our social security system to provide our people with the same benefits enjoyed by United States citizens.

(*Translation*):

Mr. Dufresne: Mr. Chairman—

Mr. Martin: Mr. Chairman, since the spokesmen of the various parties have been heard on this item, I was going to suggest, if the hon. member for Quebec West (Mr. Dufresne) will allow me, that it might be preferable to discuss the various items as they are called. I am merely making a suggestion to the hon. member and I do not insist.

Mr. Dufresne: Mr. Chairman, I wonder why the hon. minister is so eager in trying, by indirect means, to prevent hon. members from making suggestions.

Mr. Martin: Such was certainly not my intention, Mr. Chairman. However, since the spokesmen of the various parties have been heard, I had thought that the questions which my hon. friend has in mind could perhaps be asked when we come to the various items such as old age pensions, health insurance, and so on. I have made that suggestion so as to save time, and without any ulterior motive, I can assure you.

Mr. Dufresne: Mr. Chairman, I accept the minister's statement and I merely wish to say this, since in three minutes it will be six o'clock and the house will have to rise.

An hon. Member: There are four minutes left.

Mr. Dufresne: The department whose estimates are now before the house is, in my humble opinion, the most important of the federal administration—

Mr. Martin: Hear, hear! I agree.

Mr. Dufresne: It is the most important, perhaps not because it is headed by the hon. minister, but in my humble opinion, because it deals with our most precious asset

in Canada, our human resources. I believe it is of great importance that we take proper care of those human resources which form the basis of our society, of our progress and of everything from which stems every noble and great achievement in this Canada of ours.

Mr. Chairman, I would like to associate myself with the previous speakers who have taken the liberty of making suggestions to the hon. minister in connection with the social legislation administered by his department. I wish to mention not only old age pensions but I would also like to say a word about the disability pension and the pension for the blind. I will even say a few words about family allowances.

As far as the old age pension is concerned, I strongly believe that the department should without delay take the necessary and appropriate steps to grant all pensioners, that is people of 70 years of age and over, a pension a little more generous than the one they are now receiving, that is $40 per month. In my opinion, those pensioners can barely live on the amount they are now receiving, especially if we take into account the shameless squandering in certain departments, which has been denounced more than once in this house, and which I denounced myself during the preceding debate.

Mr. Knowles: It is six o'clock.

Mr. Dufresne: Mr. Chairman, may I call it six o'clock?

(Text):

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

(Translation):

Mr. Dufresne: Mr. Chairman, I had just started to speak on the question of old age pensions when the committee took recess. So I will go on now with the few remarks I want to make regarding the men or women who get these $40 a month pensions.

How can any reasonable person believe that anyone, even if over 70, who has no other source of income can live a somewhat decent life on $40 a month.

This amount is surely inadequate if we consider that, on so little money, these people have to pay for all their housing, clothing and food expenses, and, as it happens quite frequently at their age, pay for medical care or for certain drugs that are absolutely necessary to maintain their health.

Everybody in this house knows what it costs for food and for the necessities of life. This is particularly true in the case of old people who refuse to enter religious institutions, preferring to live on their own income, in spite of the sacrifices they have to make.

Many old couples, after living long years together, cannot bring themselves to part, even if they realize that they are reaching the end of their days.

As to those who have already lost a lifemate, or who have never married and thus have nobody to offer them a home, they have to face reality and enter an institution or home for the aged where they spend the remainder of their lives.

While in the various religious institutions like those I have in my county, and the others that are found in my province, they receive what I would call a mother's care and attention from the devoted nuns who are responsible for them, the amount those old people receive is far from adequate.

More than anyone else, the hon. minister, who certainly is quite experienced in the field of hospitalization, knows very well that those institutions are faced monthly and annually with huge deficits which would lead them to bankruptcy, at least as far as my province is concerned—because I can only talk about things I know—if our provincial government did not help them out with generous yearly grants.

I wish to take this opportunity to pay a heartfelt and deserved tribute to all those dedicated souls, particularly in my county, who spend their lives trying to bring more happiness and serenity to those old men and women whose pilgrimage is about to end. May I particularly mention the nuns of the General hospital, those of the Hotel Dieu, of Sacred Heart hospital, and especially those of the Saint-Sauveur orphanage, in which I have always been deeply interested. Needless to say that I also pay that tribute to all similar institutions, without distinction, administered by religious orders, and they are quite numerous in my province and everywhere in Canada.

I therefore beg the hon. minister to spare no effort to convince his colleagues in the cabinet of the necessity of giving our older citizens, who, during their lives, have contributed so much through their work to the development and prosperity of our country, the consideration and reward we owe them.

Mr. Chairman, as far as the pension for the blind is concerned, I would like to restate, in somewhat different terms perhaps, what I said last year.

During the session of 1955, the hon. minister was kind enough to grant the numerous requests he had received and bring about some amendments as a result of which the pension for the blind is now paid at 18 instead of 21 years of age. I thanked him then and I do so again today.

However, Mr. Chairman, I am still wondering why those under 18 are excluded and why the pension is not paid to those unfortunate people as soon as they have been declared blind by a doctor. I cannot see any difference between a person who is blind from birth and one who becomes blind at 18 or some older age.

I point out to the hon. minister that on reaching age 16 a child no longer qualifies for family allowances. Yet, at that age, particularly if the child is blind, his education is most important, as the burden of ignorance should not be added to the misfortune of blindness. In my opinion, we must therefore give more serious thought to these sad cases which truly deserve our sympathy.

Let me suggest that, for those who are blind from birth or who become blind before age 16, the pension for the blind be substituted for the family allowances to which they are entitled.

Mr. Chairman, I leave those few remarks and suggestions to the consideration of the minister and the government.

Now, as regards pensions for disabled persons, I repeat the request I made at the last session that this social security legislation be made less rigid than it is now.

Last winter, on the occasion of a conference held here in Ottawa, the minister, officials of his department and medical authorities met and discussed all the aspects of that problem. I understand that all those present at that important conference realized the severity of the act and that, indeed, many of them suggested that it be amended so as to allow pensions to be paid to more people prevented by severe disability or sickness from earning a living. Even if an applicant can walk and eat unassisted it is by no means a proof that he is in a position to earn his living. Those people to whom a pension is refused in spite of their need become charges on the provincial governments and the municipalities. These not having adequate revenue are not always in a position to satisfy the enormous number of calls made upon them. Thence misery and desolation.

I therefore ask the government to bring to this piece of social legislation those amendments necessary in order, first of all to bring relief to the needy, and then to provincial and municipal governments.

After all, Mr. Chairman, the Liberal government in Ottawa should never forget that if it has been able to institute these various social security measures to which I have referred, it is because it has always had control of the main sources of revenue which belong to the provinces, of which they were deprived during the war and with which a large amount of political capital has been constituted since that time.

Finally, Mr. Chairman, there are family allowances.

We, on this side of the house, have been forever harping upon this matter and pointing out that family allowances are no longer adequate to serve the purpose for which they were instituted, and that an adjustment is long overdue. Let them be raised at least in proportion to the rise in the cost of living. In this way every large family, especially those of my constituency, will be entirely satisfied.

Mr. Chairman, we are informed by the press that, at the end of the fiscal year the government will reap a surplus exceeding $300 million.

If such a surplus is declared, it is because they have exacted from the people in taxes $300 million more than was needed for administrative purposes.

What comes from the people must, in my humble opinion, revert to the people. I have provided the Minister of National Health and Welfare with a splendid opportunity of building up for himself and his own party an excellent election platform. I say to him, take advantage of it right now. If the government with which he is associated waits until the very eve of a general election to make use of it, I fear that the Canadian people, who have already lost confidence in the present administration, will get rid of it at the first opportunity.

Mr. Habel: And that's what you fear, is it not?

Mr. Dufresne: Very much so.

Mr. Habel: There is no danger.

(Text):

Mr. Enfield: I want to take a few minutes of the time of the committee to discuss what I feel is a very important expansion or proposed expansion of the functions of the Department of National Health and Welfare. I refer, of course, to the proposed national hospital insurance scheme.

I think I should take the opportunity to make it clear, at least to those in my constituency for whom I am concerned, that a rather difficult constitutional problem exists with regard to the implementation of a national hospital insurance scheme. I do not know whether the public generally realize that we have no constitutional authority to enter into the field, and that this is a matter that requires the co-operation, as has been said previously by the Minister of National Health and Welfare and by the Prime Minister, of at least a majority of the provinces.

I am particularly concerned here because I feel that the scheme can never be instituted unless my own province, Ontario, decides to take part in it. I think that proposition is generally accepted. We are a populous province. We are quite a rich province. In order to make a practical job of instituting such a scheme; in order to ensure that there will be sufficient participation in the scheme; and in order to make it at all financially practical to institute such a scheme I feel, and I think most hon. members will agree, it is necessary to have Ontario participate.

A procedure was adopted at the series of federal-provincial conferences in April of 1955 and October of 1955 whereby representations were made to the federal government by the provinces, and in turn discussions were carried on by the federal government with regard to several matters, among which was included this national health insurance program. I for one was rather optimistic after the conferences as to the future of our activities in this field. As I recall the conferences, particularly the October conference, the representatives of Ontario, led by the premier of that province, came forward with what I felt was a comprehensive suggestion for a national hospital scheme.

For the benefit of hon. members I should like to recall just a short excerpt from the representations he made to the conference. I am quoting from page 24 of the proceedings of the federal-provincial conference, 1955, of October 3 last. The premier of Ontario made the following remarks:

> It is beyond question that a comprehensive plan requires both federal and provincial participation. In its proposals of 1945, the federal government set its participation at 60 per cent. Thus, it is properly a federal-provincial matter, and it should be brought out into the open and placed before this conference for study and action. If this is not done, we can look forward to more misunderstanding and confusion. The federal government and the ten provinces will continue to move in different directions, creating a hodge-podge that no one will be able to disentangle; and a national health plan will never be achieved simply because of the impossibility of finding common ground upon which to act. A few years more and an integrated plan becomes an impossibility. It was with this in mind that Ontario asked that this matter be placed upon the agenda where it could be studied with a view to producing a sound, workable plan with which we could proceed.

Those were very positive and, I think, very sensible words.

An hon. Member: Whose words were they?

Mr. Enfield: They were the words of the premier of Ontario at the federal-provincial conference in October last. I am not going into the details of the plan proposed by the Prime Minister. They are all to be found in the proceedings. I was left with the impression that a great deal of consideration and study—and I think it is true—had been given to this problem by the province of Ontario.

Subsequently, as we all know, the Minister of National Health and Welfare of the federal government made a definite proposal to the conference for a health insurance plan limited to the field of hospital insurance. I think this was done in view of the fact that most of the representations of the provincial premiers and delegations indicated that some caution should be inserted into the proceedings, that the plan should be proceeded with in stages, that of course there were a great many matters to be considered such as the question of raising the money, the question of the cost of the scheme and so forth. Hence it was felt that the plan should be limited at this time to a hospital insurance scheme, and a concrete, positive, precise program was outlined by the federal government at the conference.

Subsequently the Ontario legislature met in the spring of 1956—that was in the spring of this year—and not too much was said about Ontario's participation in the proposed scheme. The legislature prorogued with no definite decision having been taken. As far as I know the problem was not given the aggressive, active consideration that one would have hoped it would be given by Ontario.

I realize that Ontario cannot enter into the scheme lightly. There arises the question of raising some millions of dollars at a time when expenses are running high, when there is a great deal of expansion of business activity in the province and when a great deal of capital expenditure is required. But

in order to be fair with the rest of the provinces and with the federal government, I think the province of Ontario should at least have given to us and to the other provinces its evaluation of the scheme proposed by the federal government at the federal-provincial conference.

I am not saying they will not do this, but at this stage one begins to look at the situation with some anxiety. At one moment the province attends at Ottawa, led by its premier, and seems to be very keen indeed on a proposed health scheme. Then the legislature meets and there seems to be, to this date, in any event, a significant silence on the part of the province in regard to the scheme put forward. Hence I am getting anxious. The hon. member for Swift Current-Maple Creek said he was concerned about how we were going to collect the money for and pay the costs of the health scheme.

An hon. Member: It was the hon. member for Moose Jaw-Lake Centre.

Mr. Enfield: I am sorry; I should have said the hon. member for Moose Jaw-Lake Centre.

Mr. Knowles: He did not sound like a Liberal. I do not blame you for the error.

Mr. Enfield: Thank you for correcting me. As I say, he expressed his thoughts with some concern and in my opinion neatly and concisely—and I think his point was well taken —about the collection of this money to pay for the scheme. What I am concerned about is this. I am getting anxious about whether or not any scheme at all is going to be introduced.

So, Mr. Chairman, having put these remarks on the record, I should like to point this out to the people. Unless we do hear this fall from the province of Ontario regarding their acceptance, rejection or other evaluation of this scheme, it does not appear to me as though we are going to be in a position to introduce legislation at the next session of this parliament which is, I think, what we had hoped, in order to institute a scheme of national hospital insurance that will be of benefit not to Ontario only but to the whole of Canada.

Mr. Cardiff: Will the hon. member permit a question? Does he feel that Ontario should show the way and take the lead for the dominion?

Mr. Rowe: They do in most things.

Mr. Enfield: I certainly think there should be, as the premier of Ontario himself has said, co-operation between the two governments. He pointed out in no uncertain terms at the conference that it was a matter for dominion-provincial co-operation. The conference took that line. There were suggestions made and there was a proposal put forward. The proposal was precise in its terms and it was given in detail. It left nothing to the imagination. It required only an answer. As I say, our concern is the lack of an answer.

Mr. Nicholson: I am very glad the hon. member for York-Scarborough has taken part in the debate. Although the health experts from the three parties on this side of the house put on their very best effort this afternoon, the only contribution from the government side was the speech by the hon. member for Moose Jaw-Lake Centre. We were disappointed that the minister and his parliamentary assistant remained in their places and gave first position to their new recruit.

There are rumours that there are cabinet changes to be made in the near future and that Saskatchewan is to have a new member in the cabinet. I hope the fact that the hon. member for Moose Jaw-Lake Centre spoke on health will not mean that he will succeed the minister, if and when he accepts another important position. The contribution made by the hon. member for Moose Jaw-Lake Centre certainly was not in keeping with the leadership the minister has given throughout Canada in the last number of years in the field of health. I will not say more about those remarks, except to emphasize again that I hope the fact that he was chosen to speak for the government this afternoon will not indicate that is the pattern we are to follow.

My colleague the hon. member for Winnipeg North Centre dealt with two very important subjects that come under the supervision of the Minister of National Health and Welfare. I want to confine my remarks chiefly to those two fields, too, and I shall not repeat any of the excellent material that was developed by my colleague. I think he established very clearly that the $40 per month that is available for our senior citizens in Canada just is not good enough when you consider the productive capacity of this country. We do not think the wealth of the country is a piece of pie that can be cut up and divided once and for all. We know the wealth of the country is created day by day by the labours of the men and women of this country applied to our natural resources. It can increase, and it is increasing. The fact that our gross national product has increased so tremendously in the past 10 years is a matter which should give most Canadians some pride; but the majority of people who have passed their three score years and ten are denied the right to share in that increased production.

I have a copy of "Age and Opportunity", an excellent study prepared by the welfare council of greater Winnipeg. They propose a monthly budget which I think most people will probably consider not too extravagant for a city like Winnipeg. They consider that a couple should have not $80 a month, but they should have each month $40 for rent; $60 for food; $20 for clothing; $4 for church; $6 for medical, insurance or care. Then they should have $10 for hobbies and membership—I suppose that would include newspapers—$9 for transportation; $10 for incidentals; $4 for laundry. This totals $167.

I feel that no member in this chamber can view with satisfaction the fact that such a large number of our fellow citizens are paid $80 when some of the ablest authorities in Winnipeg think they should have $167. They come up with a budget for the individual that is just half, $83.50 per month. They point out that two-thirds of the aged in greater Winnipeg are living on incomes that are marginal or less. No one can put any responsibility on the C.C.F. for the fact that two-thirds of the aged in greater Winnipeg are living on something that is marginal or less.

The pamphlet, "Fourteen days as an old age pensioner", describes life in Toronto the good. I suggest that the minister, who has been a friend of mine for many years since we were both private members and were not able to afford to stay in the Chateau, but shared quarters in a home in Ottawa which was not as expensive as the Chateau, should come along with me—

Mr. Martin: We are getting very old.

Mr. Nicholson: —and I would be glad to go along with the minister for two weeks so he could check on me and I could check on him, and we would try doing what this young reporter for the Toronto *Star*, William MacEachern, did. He describes in this way:

> My existence for the next two weeks will depend on a one-burner hotplate, a frying pan, a teapot, $20 and my own resourcefulness.
>
> Monday morning I move into an unheated stark, 2 x 4 cubicle on the edge of Toronto's slum empire, and for the next 14 days I will try to lead the life of an old-age pensioner. In my pocket will be $20—

May I invite the hon. member for York-Scarborough who is younger than we are to join us.

> —the amount most pensioners receive over a two-week period; with this I will have to pay for my room, eat and entertain myself.
>
> My room will cost me $5 a week, which means that I will have $10 to keep body and soul together for these two weeks.
>
> Small and bare as my room is, it is by far the cheapest and by far the most acceptable of 39 places I visited in the city's so-called cheaper rooming house section. I also received 68 answers to an ad in the *Star* last weekend. In the ad I said I was a pensioner and wanted a light housekeeping room.
>
> Only one—the one I eventually accepted—was under $6. Seventy-five per cent were over $10 and the rest were around $8.
>
> At first I didn't give the callers any explanation but listened patiently while they extolled the virtues of their accommodations: "Nice, clean room, fully furnished, quiet, in a nice section of town," and so on.
>
> It's all over.
>
> This morning at 10 o'clock—14 days, $19.98 and 11¼ pounds after I began my ordeal as an old age pensioner—I walked out of my mothball mansion, out of the hotplate jungle, back into a world of satisfying meals, regular pay cheques and happy, fast-fleeting hours.
>
> Behind me are two of the most memorable weeks of my life, two weeks spent slavishly worrying over little, petty, insignificant things—at least they seem petty and insignificant now but at the time they were the most important things in my life—trying to squeeze the last iota of purchasing power out of my dollars, quibbling over dimes and nickels and even pennies and scrounging and scrimping here, there and everywhere.
>
> Gone are the niggardly, skinflint, pinchpenny days when a nickel for a newspaper was wanton extravagance, a dime for street car fare was out of the question, and a walk around town was an evening's entertainment.

Well, that is enough, Mr. Chairman.

Mr. Boisvert: I would be willing to try.

Mr. Nicholson: I am sure the hon. member who has interrupted would be willing to try for two weeks, as this young reporter did.

Mr. Boisvert: I would be willing to do so.

Mr. Nicholson: If the hon. member, the Minister of National Health and Welfare and the hon. member for York-Scarborough would be willing to try it, I am sure the four of us would come back here with a very different attitude from what we have now toward the people of Canada who are forced to live day after day, week after week, year after year on $40 a month.

Mr. Boisvert: How many million people are living under worse conditions?

Mr. Nicholson: I am aware of that; I am aware that in India, in China, in Burma and in a great many other countries people are having even worse times than our old age pensioners, but our old age pensioners are squeezed down to a niggardly $40 a month at a time when our corporation profits are higher than they have ever been in Canadian history.

Mr. Boisvert: Does the hon. member not think that those who are squeezing them down are—

Mr. Nicholson: The hon. member can make his speech on old age pensions after I am through. My time is limited. I did not hear the question, Mr. Chairman. My time is limited and I want to—

An hon. Member: Come back.

Mr. Nicholson: Yes, I shall be glad to come back when we reach the item, but I want to discuss the question of health as it affects the people of Canada. I was not surprised at the remarks made by the hon. member for Moose Jaw-Lake Centre, but no one in this day and age can establish the fact that good health is not a matter of national concern; the quality of the health services must not be measured by one's bank account.

Let me remind the committee that when war broke out we passed legislation that compelled the young people of this country to place their services at the disposal of Canada, and in due course we drafted mobilization regulations. I hold in my hand *Hansard* for November 11, 1941. At page 4427 the then minister of national war services, now Judge Thorson, placed before us a table showing the percentage of young Canadians of military age in the different categories in the different districts in Canada. Most people nowadays cannot quite realize, following those 10 years of depression, that 44·1 per cent of the young lads in the prime of life failed to get into category A. They were in other categories, B-1, B-2, C-1 and C-2 and all down the line. Out of 209,298 called up there were 92,498 young Canadians rejected for military service in 1941 because they could not measure up to the standards that were thought desirable for military service at that time.

I realize that the regulations were changed later, and I also realize that there are many men who have disabilities which prevent them getting into A category who can do many other useful things. While I cannot prove it, I am sure that a great many of those 92,498 were rejected because they had been forced to live on relief budgets. In my area $5 a month, plus $1 per month per child, was the amount considered ample during those terrible 1930's. Therefore I submit, Mr. Chairman, that in wartime or in peacetime no nation can accept the situation that I have just described when such a large percentage are rejected for military service.

The hon. member across the way suggests that there are countries where conditions are worse than they are in Canada. That is quite right. I hold in my hand the book entitled, "The War On World Poverty" written by Harold Wilson. He gives some statistics for all the major countries of the world. These statistics are not right up to date; this book was written in 1953. Canadian figures are a little better at the moment. I think the figures for infant mortality can be accepted as a fair criteria of the general health of the people in the various countries. One can see that Canada is in a much better position than Formosa, for example, which has an infant mortality rate of 125 for every 1,000 live births. Korea has 115; Burma, 203. Canada has a much better record, of course. Canada's rate at that time was 42·8; but let me tell the committee that the United States, New Zealand, Switzerland, Sweden, the United Kingdom, Denmark, Australia and Norway had much better records than Canada.

Mr. Dupuis: What are their rates?

Mr. Nicholson: I shall be glad to give them. The rate for the United States is 31·1; New Zealand, 23·8; Switzerland, 34·3; Sweden, 23·2; the United Kingdom, 34·1; Denmark, 35·3; Australia, 23·3; and Norway, 29·6. There are a great many countries that have worse records than we have. I submit that our very rich country, with our broad spaces, with our trained personnel, cannot be proud of the fact that she is so far down the line in connection with such an important question as infant mortality.

The hon. member for York-Scarborough and the hon. member for Moose Jaw-Lake Centre apparently are paving the way for some retreat in this important field of a national health insurance plan.

Mr. Martin: I can assure the hon. member with all the vigour at my command that the government is not in any way retreating, but is anxiously awaiting the replies of the provinces.

Mr. Nicholson: I am very glad to hear that statement. I wish the minister had made the statement before the hon. member for Moose Jaw-Lake Centre spoke.

Mr. Martin: My hon. friend has referred several times to the fact that I have not spoken. I felt that we would make more progress if we waited until we reached the item. There is an item for health insurance, and I will be prepared—

Mr. Nicholson: Why did the minister not suggest that to the hon. member for Moose Jaw-Lake Centre?

Mr. Martin: I have already suggested it to several other hon. members, and I would be prepared to expand on our proposal and deal with some of the points that have been raised. It seems to me, if I can make a suggestion, that we have had a good general discussion, and I did think that was the right place and that I should give some leadership myself in that connection. That is the only reason. I am very anxious to discuss this particular question of the federal proposal on the matter of hospital insurance.

Mr. Nicholson: Well, Mr. Chairman, I am sure we are all very glad to hear the

minister any time he rises, but I want to assure him he is not closing me off at this point. I have here an interesting table which the minister presented to our committee. I think the hon. member for York-Scarborough should consult the proceedings of this committee. The information which has been compiled regarding the estimated cost of the proposed national hospital scheme is quite extensive, and I think they make the proposal so attractive that no province in Canada would stay out of this scheme.

The minister gave us figures for the provinces. I have not checked all of these. He also gave an estimate of what the people in the various provinces pay through Blue Cross and other non-profit plans and through private insurance companies. There is also an estimate of what people pay for hospital care in some 510 out of 855 general hospitals in Canada. This last figure is not complete, and the conclusions I am drawing are certainly on the conservative side.

This table points out, for example, that the province of Nova Scotia is now spending over $5·4 million, the municipalities are spending $1·5 million and the people in Nova Scotia are paying $1,085,000 under Blue Cross, $500,000 to private insurance companies and $1,585,000 to hospitals. This suggests that the amount that would have to be raised in Nova Scotia is only $2,400,000. They are already paying $3,304,000 for services which would not be nearly as complete.

The province of Quebec is now paying over $13 million and the municipalities $4·8 million. It is estimated that Quebec would have to raise $27,400,000. But when you add the other figures I mentioned for Quebec, they are now spending $28,323,000; so the province would actually be saving money if one considers what is being paid to Blue Cross, to private insurance companies and the sum the citizens are now paying to their hospitals.

In Ontario the amount to be raised is $36,100,000. They are paying to Blue Cross $24,273,000, to private companies $11,835,000 and to hospitals $27,894,000. The amount that is needed in Ontario is $36,100,000 and they are now paying for other services $64 million, so I do not see how Ontario can possibly stay out of the scheme.

Concerning the province of Manitoba, I note that the people in that province are already paying $1,400,000 for hospital care. Municipalities are paying $2,200,000 and under Blue Cross over $3 million is being spent. Altogether they are paying $7,800,000 in Manitoba. All that would have to be raised in Manitoba would be $5,700,000. As you go across Canada province by province and take into account what is being paid to Blue Cross and insurance companies and to regular hospitals you find that the people in the provinces would be better off if their provinces reached an agreement with the federal government and the scheme was set up.

I want to say that while the proposal is a step in the right direction I feel this committee must not let the minister get away with his proposal to bar from the scheme over half the sick people in Canada, those who are suffering from tuberculosis and mental illnesses. I received an answer to a question on March 12 of this year. My question was as follows:

> For the last year for which statistics are available of the number of patient days spent in Canadian hospitals, how many and what percentage were in the following: (a) mental hospitals; (b) psychiatric wards in hospitals; (c) T.B. hospitals; (d) public hospitals; (e) federal hospitals; (f) private hospitals?

The two groups the minister is barring in the mental and tuberculosis hospitals represent only 50 per cent of the sick population of this country who are ill every day of the year. They are to be barred from the benefits of this legislation.

Mr. Martin: Is my hon. friend aware that that is not a completely accurate statement?

Mr. Nicholson: Well, the minister can correct it. This was an answer that was brought down by the Department of Trade and Commerce, and these are the figures of the dominion bureau of statistics which were given to me. On the same day I had another question which read as follows:

> For 1943 and 1953, what was the estimated cost per patient per day in the following hospitals: (a) mental; (b) T.B.; (c) public?

If you go back to 1943 you will find that we were spending in Canada 98 cents per person per day for the mentally ill. There has been an improvement, and we are now spending $2.70 per patient per day. Concerning people suffering from tuberculosis, in 1943 we were spending $2.76 per person per day. That is now increased to $6.29. In our public hospitals for people who are going to be in for just a few days and then released we are now spending $10.77 a day compared with $4.08 in 1943.

I think the minister must not be allowed to get away with his proposal to bar over half the sick people in Canada from the superior benefits which will be provided as soon as a national hospital plan comes into existence. When we are spending only $2.70 per person per day for the mentally ill, $6.29 per person per day for people in tuberculosis hospitals and $10.70 per person per day for

people in our public hospitals I think a great injustice is being done to over half of our sick population.

I can think of no good reason for the minister to exclude this large group except that people would demand and expect to have better care under a national hospital insurance program. Before the minister can expect to have an agreement from the provinces in connection with this important development I think he must be prepared to recommend that the benefits which he proposes to extend to the provinces to provide care for the sick should be available to all the sick. Surely we are not going to have one law for people in one type of hospital and a different law for people in another type of hospital.

I think the minister must also make more progress than he is making with a view to providing a complete medical health program for all the people in Canada. I mentioned earlier the serious problem which confronted us when war broke out. I might mention now that one of the problems which is having a very disturbing effect on our economy is the problem we have been discussing in the last few days in connection with the bill of the Minister of Finance.

I have before me a survey of physicians in Canada dated June, 1954. We find that while in Canada as a whole we have one doctor for every 971 people, in British Columbia there is one doctor for every 777 and in Newfoundland one doctor for every 2,117 people. It is possible that the people in Newfoundland are healthier than those in British Columbia, but I think the reason is that it is possible for a doctor to make a better living doing less work in a more congenial climate in British Columbia. Ontario is the only other province where the ratio is less than 1,000 people for every doctor. When disease hits the country the people living in Newfoundland are subject to plagues just as much as people living in any other part of the country. The training of doctors is now very costly, and when they graduate they are permitted to go to any part of the country or even to other countries. Therefore I submit that a complete program providing the very best health services for all the people of Canada should be accepted as a national responsibility.

The minister has put out another interesting booklet which I shall not discuss, but which I suggest hon. members should order from the very efficient research division of the department. This deals with selected public hospital and medical plans in Canada. I note that it has been necessary to draw on the province of Saskatchewan for a good deal of information.

[Mr. Nicholson.]

Mr. Stuart (Charlotte): Is it not true that shortly after the provincial election the hospital rates for the citizens of Saskatchewan were increased by the provincial government?

Mr. Nicholson: I believe that is true.

An hon. Member: That has happened after every election.

Mr. Nicholson: I tell you frankly that that is one of our problems. If I were permitted to discuss the question which we were dealing with for the last few weeks I would mention that we have suffered real disabilities in Saskatchewan because we have had to pay a tremendous tribute as a result of tariff policies throughout the years. Corporations with head offices in Ontario and Quebec which have drained the maritimes have also drained Saskatchewan and we have had to finance a first class hospital program with the resources available in our own province. There was no way we could do it without passing the cost on to our people.

The Chairman: I am sorry to interrupt the hon. gentleman, but I must advise him that his time has expired.

Mr. Blackmore: Is it not the result of the scandalously increased prices which have been permitted in this country from 1946 on? That does not sound so good.

Mr. Martin: Mr. Chairman, the hon. member who has just spoken has made some statements which in view of the importance of the subject I am afraid should not go without some explanation or some challenge. I was hoping that we could discuss this matter on the particular item. I would not want to preclude anyone, nor do I want to take advantage of anyone, but I feel that the statements the hon. member has made should be dealt with, and perhaps this is the most convenient time to deal with them though I would have preferred to wait until we get to the item.

This is the first time I have discussed in the house the proposal put forward by the Prime Minister last January on behalf of the government, at a time when I was discussing the same proposal at a meeting of all the provincial ministers of health, the provincial treasurers and representatives of our own Department of Finance in an adjoining room in this building.

That proposal is recognized by all in this house as one of the most important to have been made by the federal government in this field. It is a proposal which has been widely commented on from all sides of the house. The hon. gentleman who has just spoken referred to it in eulogistic terms, as did the

hon. member for Winnipeg North Centre, particularly when he was speaking in the committee on estimates. His enthusiasm in this house has not been as generous or as vigorous as it was some months ago, but I can only conclude that that is because he has some other preoccupation in his mind.

Mr. Knowles: It is because several months have gone by and you are not getting along very well.

Mr. Martin: On March 21 the hon. member did say in the committee on estimates, as reported on page 18 of the proceedings:

—we, of the C.C.F. group in parliament, are pleased that this step in the field of national health insurance is being taken—

And then at page 21:

The minister knows that we will support him 100 per cent against any opposition he may have to this plan—

Then at page 145:

I am glad to see this program coming into effect.

And again on the same page:

—in this commendable step which I am glad he is taking and which I support—

Then at page 178:

Is there not some way in which this committee could express its approval of the proposals made by the government to the provinces—

I do not think I am being unfair to the hon. member for Winnipeg North Centre when I say that represented then, as I am sure it does now, his acceptance of this plan. The background of this proposal lies in the fact that in May 1948 the federal government embarked upon a large program of grants in aid away and beyond the proposals made in 1945 in the matter of what has been properly characterized as a package deal covering a wide front of government activity both federal and provincial. When the prime minister of that day announced that program he said it was a prerequisite to the kind of proposal which we are now discussing.

As the hon. member for York-Scarborough pointed out, last fall the premier of Ontario felt that the time had come when the provinces should give expression to this subject and when in a spirit of co-operation between the two levels of government some definite move in this particular field should be begun. It was as a result of that and the suggestions made by other premiers that it was decided to hold a conference apart from the fiscal conference which was then in session, to see if the responsible ministers with their colleagues in treasury could not meet and generally discuss this whole problem. We had a long conference, lasting a week, the longest dominion-provincial conference I think in history, last January when this whole matter was discussed.

The federal government took the position that we were not going to impose our views on any province. After a number of years in this portfolio I am satisfied that notwithstanding what may be the view of individual members, the only way to make progress in this field is by trying to understand the problems and responsibilities of the different levels of government and in that spirit to try to see if agreement cannot be reached.

I am sure that as a result of that view we have made great progress in the health field in this country between all the provinces without exception and the federal government. I am satisfied that if we are going to make further progress in this field that is the spirit which must animate those who have to do with any level of government. That certainly is the attitude I have taken and that I am taking tonight.

With that in mind, on behalf of the federal government I said that we had our view as to what the next step should be but we were not going to impose our view, and we would like to have the provinces tell us what they thought were the steps that should be taken, if any steps could be taken in so far as the provinces were concerned. I indicated that we were prepared now to give technical and financial support to schemes put forward by the provinces on the basis of roughly 50 per cent federal contribution and roughly 50 per cent provincial contribution, based upon 25 per cent of the national per capita cost and 25 per cent of the provincial per capita cost.

This formula would yield to the maritime provinces in particular greater proportions from the federal treasury than would be the case with certain of the western provinces, notably British Columbia and Saskatchewan, both of which provinces, by the way, through their appropriate ministers said that our formula was fair and, in the words of the provincial treasurer for Saskatchewan, that we had put forward at long last a scheme which he thought was calculated to encourage interest on the part of the provinces and which was fair to all the provinces.

The provinces then put forward unanimously, without any exception, the view that we should proceed on a stage basis, and no province insisted that we should go further than we have in the proposal before us, and that included every province without exception. The province of British Columbia did say that they would prefer a wider scheme; but they recognized that at the present time, as this situation depended on the co-operation

of all provinces and the federal government, it would be impractical to try to impose upon certain provinces financial obligations which they were not prepared to assume or which they thought they could not bear. Therefore no one should suggest that the limited aspect of the program is the product of any one government, because that it not the case, as the records of the conferences would show.

The provinces suggested, and with this we agree, that the next steps in this matter should be in the fields of laboratory and radiological diagnostic services and hospital insurance. It is true that at the conference that was held in the winter the premier of Ontario proposed for study some six different stages and phases of health services which he thought should receive the embrace of the federal and provincial governments, but at that conference his spokesman joined with the other provinces in saying that they did not want at this time to deal with any other aspects than the two I have mentioned, radiological and laboratory diagnostic services and hospital insurance.

We have put forward this proposal based upon the formula that it can become effective if six provinces, representing a majority of the people of Canada, express their concurrence; and I have indicated that just as quickly as that concurrence is expressed no delay will be forthcoming legislatively on the part of the federal government. I have taken advantage of the interval between the conference in January and the present time to discuss this situation informally with certain provinces in the hope of helping them to arrive at a decision at the earliest possible date. Not very long ago I discussed this matter with the premier of Ontario. I think I can say, and I think this is the way in which I should express myself in a matter involving co-operation, that we had a useful conversation, a helpful conversation, a constructive one, the kind of co-operation, the kind of discussion which I believe is calculated to achieve results. I remain hopeful that as a result of these discussions there will not be undue delay.

I recognize, as the hon. member for York-Scarborough has said, that this is an important matter, a matter that will cost the federal government in the first year a minimum of $182 million with a total national expenditure of almost $400 million, a matter that quite properly should be considered with care by every government concerned. The province of Ontario has established now a hospital commission with a very eminent hospital administrator, Mr. Swanson, as chairman. While its existence is not predicated upon the necessary acceptance of this proposal, it would seem to me that the implications in the announcement of the commission are clear that the commission would not have been established if the government of Ontario was not giving sympathetic and serious consideration to the proposal which the federal government has made in this field.

The federal government will have to decide through its Minister of Finance, speaking on behalf of the government in terms of what the budgetary policy in this particular will be, but I can say that under no circumstances is it the intention of the federal government in any way to impose any condition on any province as to how it has to raise its portion of the sharing plan. The hon. member for Moose Jaw-Lake Centre expressed the hope, if I understood him rightly, that we would see to it that this would be on a contributory basis, and that we would see to it that the provinces embarked upon schemes with that principle in mind. I can only say that as far as the federal government is concerned we have indicated to the provinces that we attach no conditions as to how they raise their share of the program; and that was stated by the Prime Minister, I think, at the full conference as well.

I may express the view that contributions, as they have them in one province, are perhaps a more difficult way of realizing the program; but that would be a personal view. In the province of British Columbia they now take the money out of the consolidated revenue fund and I think the scheme there, in spite of the difficulties that attended it at first, is now working admirably. Let there be no mistake about this. The federal government is not dragging its feet on this matter, as was suggested by the hon. member for Mackenzie, and he knows better than that. I take it that was a slip of the tongue.

He knows we have put forward a proposal that was arrived at after careful consideration, a proposal that in our judgment, would have great benefits for the people of this country, a proposal which depends for its realization on acceptance by the required number of provinces. We have had three provinces, British Columbia, Alberta and Saskatchewan, who after an interval, that interval being some months in the case of Alberta and Saskatchewan, have acceded to the proposal.

The hon. gentleman has referred to the table I placed before the committee on estimates, which shows the relative responsibilities of the various jurisdictions in so far as the net cost to governments of this proposal is concerned. I do not propose to go into those details now. We can do that if

necessary when we reach the item. But there is something I do want to say, and it is one of the main reasons I rose to my feet at this time. I did not want it to go out to the country that this proposal was giving preference to one group of sick people as opposed to another. The hon. member for Mackenzie said that we were excluding mental patients and tuberculosis patients. That is the same argument he made in the committee on estimates. Notwithstanding my answers he persists in making that statement.

Mr. Nicholson: Has the policy been changed?

Mr. Martin: The fact is this. In every province of Canada but one the total cost of mental health care and of tuberculosis care is borne out of provincial revenues. It is not borne by the individual patient himself. The only exception to that, in terms of the provinces, is the province of Ontario. There the burden is over 90 per cent; that is the burden borne by the province, not by the individual patient. In other words, patients who are suffering from mental illness in the province of Ontario, to the extent of over 90 per cent, receive medical care and treatment for that illness at the expense of all of the taxpayers of the province. The individual does not pay for these services. That is the case in every other province, only to a larger extent. This is not a scheme to subsidize provincial governments—

Mr. Campbell: Is the minister not wrong? Saskatchewan does that.

Mr. Martin: Yes. I said every province except Ontario; and there it is 90 per cent.

Mr. Zaplitny: Has the minister checked in respect of Manitoba? I think he was wrong about that.

Mr. Martin: No; they told us the same thing at the conference.

Mr. Zaplitny: If the minister checks, I think he will find that he is wrong.

Mr. Martin: They gave us this information at the conference; that is the information I have given to you.

The point I am trying to make is this. This is a proposal for hospital insurance to assist the individual in meeting his costs of hospital care. It is not a proposal put forward to relieve the provincial governments of responsibilities which normally they have accepted and which they continue to accept. It is a proposal made to assist individuals in meeting the cost of hospital care. Any individual who is suffering from tuberculosis or from mental illness and who is receiving treatment in a general hospital is included in the scheme; and he should be included in that scheme because in those cases the individual is called upon to bear the hospital cost himself, not the province. The province does not give assistance in those cases. That kind of individual should be embraced by this proposal.

So the statement that has been made by the hon. gentleman is not a fair one. I am not criticizing the hon. gentleman unduly. I just think that in a matter of this importance he would want to join me in making sure that what I have said is correct. To show that the position we are taking is a proper one may I say this. No hon. gentleman can point to any jurisdiction in any country in the world, except in the case of the United Kingdom, where tuberculosis and mental patients are covered by the hospital insurance scheme. The reason they are covered in Britain is that the hospitals there now belong entirely to the state. In Canada I do not think anyone seriously proposes that the title to our hospitals should be transferred from religious or private bodies to the state, either in the name of the federal government or of the provincial government.

In any event, this government does not propose to enter into any scheme whereby we would take over the ownership of hospitals. There is not one jurisdiction in the world, including the province of Saskatchewan and the province of British Columbia, where the cost of tuberculosis and mental care is covered by the hospital insurance program. In the province of Saskatchewan there is a separate account. The cost of mental illness and the cost of tuberculosis care in that province, in British Columbia and in Alberta, is borne by the province out of the consolidated fund. It is not covered by the hospital insurance scheme.

In asking that we should do something the provinces themselves do not do, or do something that no other jurisdiction in this field does, my hon. friend is simply asking us to use a device to give further grants not to individuals but to the provincial governments themselves. I can tell my hon. friend this. Whatever he may think about us on this side, that is assuming a measure of naïvete which I do not think even an active critic like the hon. member could possibly justify, and so we are not going to do what he urges. But let me make it clear that individuals who bear the cost of mental illness care and of tuberculosis care and who are in general hospitals will be embraced by this scheme.

I do not intend at this stage, Mr. Chairman, to deal with the other points that were brought up except to say to my friend the

hon. member for Winnipeg North Centre that he may find it convenient to make all these proposals involving considerable sums of money. However, I should like to tell him this. We believe this proposal is a good one and I know he thinks so too. We should like to see it realized. One way to stop it from being realized would be to saddle the people with a burden which at this time I do not believe, on my responsibility as a minister of the crown, I should like to say they could bear.

For instance, he has proposed that we should have an enlargement of our old age security plan. I have calculated that the proposal he has made would cost another $621 million, which would mean that we would be spending on old age security at this time, if that proposal were accepted, more than is spent now in this entire department. He is asking us to spend in this one particular field twice as much money as the federal government spent on its entire account in 1938. If one were to accept his proposal now—which by the way does not take into account supplementary payments in British Columbia, in Saskatchewan and in Alberta—I am sure we would not have any hospital insurance scheme. If my hon. friend really believes in hospital insurance, as I believe he does, though I sometimes question the effectiveness of the methods by which he seeks to realize his objective, if he wants to stop this hospital insurance program all he has to do is to go on making extravagant demands that he knows or must know cannot possibly be met.

I say that to him. As anxious as he is, as am I and as is the government to see these things done, I ask him to realize the effect of some of his proposals. Does he think for one moment that it would be possible to persuade the people of Canada to increase appropriations in this one field by $600 million and at the same time go forward and realize the various schemes of health insurance that he has been talking about and that we have been talking about and with regard to which we are now proposing that something be done? When we come to this particular item—I hope he does not do it now, in order that we may get on with the business—no doubt my hon. friend will deal with the matter.

I simply want to conclude what I have to say by saying to the hon. member for Lanark that I thought he made an admirable statement today. I have always felt that the hon. member for Lanark makes a constructive speech on this particular subject, and I thought his speech today was of a high order. I can only say to him that the matters he covered are engaging our attention. As he knows, many of the subjects referred to by him are subjects that come within the primary competence of the provincial governments. However, under the grants in aid program we are able to give great assistance to the provinces in these matters.

Finally I would simply say this with regard to the hospital proposal, the government has made this proposal one that has no strings attached to it except that the plan should be universally applied, that it should not be given to one class and not to another. That is the only condition we have put forward. I am hoping this, and I am not saying it in a narrow political sense, because I know what are the responsibilities of the provinces. I can only say in the name of the federal government that we are hoping the provincial governments will be able to give their acceptance to this proposal as quickly as possible.

Mr. Bryce: I have one or two matters I should like to bring before the minister, Mr. Chairman. I should like to bring all of them before him at the one time, because in that way I will save your time, I will save my own time and I will save the time of the committee.

The first matter is the one which has just been discussed by the minister, the T.B. patients. I am not going into the problem of who pays for them. I know the province does that. We have built the finest hospitals in Canada, we take these people in and restore them to good health. After they have been in there two years, the doctor looks them over and says, "Now, you are getting on well and you can go home." He says, "Get a light job". Are there any light jobs for such people? I think all the jobs available are heavy jobs.

Then if an Indian who has T.B. comes down to Winnipeg or Selkirk he goes into the hospital for a year or two. When it is time for him to go home he is told to get a light job. He does not do anything, because there are no light jobs. He has to eat, so he goes to the Indian agent, and what does the doctor tell him? He tells him to live on a light diet and here is what the Indian agent gives him: 38 pounds of flour; five pounds of lard; one and a half pounds of tea; four pounds of sugar; a box of matches; two and a half pounds of baking powder; five pounds of beans; two pounds of cheese; seven pounds of salt bacon—that is not the kind of bacon we get on our breakfast table, that is sow belly—five pounds of rice; two and a half pounds of table salt.

Here is a man who has been in the hospital for two years, and they give him that sort of diet on which to live. This can be remedied. A doctor can issue an order so he will get more nourishing food. There is no milk included in this diet, and I believe a sick man should get milk. However, I leave that to the doctors to decide. There should be some law by means of which these people would be taken care of in that period, because we make them better in these hospitals that cost a lot of money and then they are back again six months after we let them out, perhaps as bad as ever. I say, don't waste money in that way.

Now, you know, you have a very fine hospital at Norway House, but you cannot get service there because there is the break-up and the freeze-up.

Mr. Martin: Would my hon. friend think I was unfair if I suggested that when we come to the item on Indians we could deal with this particular question? My hon. friend is obviously interested in Indian health, and would he not think that when we come to these various items he could then ask his questions and I could give him answers? We are now on the first item, the general debate.

Mr. Bryce: I have no need for any answers, I am just going to tell you what can be done. I want you to hear me because I do not bother you very much. You are not listening to a word I am saying now. I want the minister to listen, Mr. Chairman; that is what I come here for, to tell him these things.

You can get double the good out of that hospital at Norway House by building a road. You will say to me, just as you say to everybody else, that is going to cost a lot of money. There are enough Indian prisoners up there to build the road, and they will be glad to get jobs. If you build a road around to the new hospital you will be able to use it at least 11½ months of the year, whereas now you cannot get into or out of the hospital for six weeks. I should like the minister to take that up with his officials when he gets time.

What is the responsibility of the federal government in connection with retarded school children? Will the minister write and tell me?

Mr. Martin: Is my hon. friend asking me a question?

Mr. Bryce: Yes.

Mr. Martin: That is the very difficulty I spoke to my hon. friend about. Can he wait until we get to that item?

Mr. Bryce: The minister will let me know about that? I know the provincial government is still adding schools to take care of these children, but there do not seem to be enough. I wondered if the federal government contributed any money?

Mr. Martin: I shall be glad to deal with it.

Mr. Bryce: Then there is the matter I took up last year, that I thought the panels that were employed across the dominion in connection with the Disabled Persons Act were not uniform. I can prove that to you; they are not uniform in the various provinces. I think it would be a good idea to get the panels together and agree on a standard; then we will not find people saying that one province is doing better than another.

Mr. Philpott: I have a few remarks to make of a general nature. First, let me say I was going to bring up the matter of old age pensions, but in view of what the minister has said I shall reserve my comments on that until we get to the item. Let me say I have no intention of unduly holding up the minister, because I know he has two very big jobs on his hands. One of his jobs is this department, which I consider is probably the most important department in the entire government. Then he has been picked by Canada, because he is Canada's ace peacemaker, to deal with the Russians in regard to disarmament. I personally believe that we will never have a really substantial increase in the old age pensions, family allowances and so on, until we do make a very drastic reduction in our expenditures on armaments. We cannot make a drastic and worth-while reduction in armaments unless we have a world agreement on disarmament. So I say everybody who really wants a better welfare set-up in Canada should do everything possible to send down to New York again our ace peacemaker, the present Minister of National Health and Welfare.

Now, in my opinion, and I have given a great deal of study to this as well as visiting a good many of the countries myself, Canada has the best balanced welfare system of any country, at least in our part of the world. I regard the proposal for the first stage of the national health insurance scheme as the most important proposal that has been made, even by this government all down through its long record of achievement in the welfare field.

Tonight during the supper hour I was reading some of the history of the introduction of family allowances into this house. I am glad I did take the time to read it, because I found that I was doing a great injustice in my own mind to the Conservatives.

I had always thought all the Conservatives had opposed family allowances right down to the time of the vote, but when I read *Hansard* for 1943 and 1944 I found that all but one of the Conservatives in this house at that time did vote for family allowances. While it is true that one of the very ardent Conservatives from Toronto was temporarily suspended from the house because of the ardour of his opposition to family allowances, that was the beginning of the agreement of the whole party, because the whole party except one did vote for family allowances on that particular day.

An hon. Member: That was not the reason the hon. member was suspended.

Mr. Philpott: I am glad to say that down through the years there has been manifested from time to time by all those in this house an appreciation of what national health insurance would mean for this country. For instance, last year I think we all received a great thrill, certainly I did, when the man temporarily leading the opposition, the veteran member for Dufferin-Simcoe, surprised us all by coming out for health insurance at the tail end of his speech in the debate on the speech from the throne. When I look back in *Hansard*, as I did in my search today, I see that the present acting leader of the opposition, my colleague the hon. member for Vancouver-Quadra, asked this question at page 5472 of *Hansard* of 1944, volume VI:

> Then, what about health insurance? We were led to believe last year that a health insurance measure was shortly to be placed upon the statute books of Canada. Well, a committee was set up, and a draft health insurance bill was placed before it; not even having the endorsement of the government, but simply presented by a department of the government. That bill was considered all last session, and this year we have had the same procedure. Another bill has been thrown to that special committee—known as the committee on social security—and has been mulled over. But we are to provide for no health insurance in Canada at this session.

What I am pointing out, of course, is that as early as 12 years ago the prominent members of the Conservative party were pushing this government for health insurance. I ask, what is the reason for the strange paralysis that seems to have overtaken the Conservative party in this house and in the country during the past few weeks? We heard the premier of Ontario, as late as the conference of last autumn, pressing the federal government to go ahead with health insurance, and then finally we have the Prime Minister of Canada laying down the conditions on which this government will recommend to this parliament federal participation in national health insurance.

I should think those terms would be endorsed not only by every fair-minded member in this house, but also by every fair-minded citizen in the whole Dominion of Canada. The federal authority was to spend $185 million a year to go in with the provinces on what amounts to a fifty-fifty scheme, with the provinces left free to decide in their own way just how they would handle it; but the strange thing is this. Three provinces have already agreed to go ahead. Three of the necessary six, British Columbia, Alberta and Saskatchewan, which have different types of governments, have already agreed to go ahead.

In terms of practical politics it means this. Unless Ontario agrees to go ahead it is impossible in the foreseeable future to get sufficient governments with sufficient populations to meet the very fair stipulation laid down by the Prime Minister of Canada. Therefore, I ask, why the strange lethargy on the part of the premier of Ontario; why the strange silence on the part of the premier of Ontario? Certainly when the great pipeline crisis was on the premier of Ontario took a very forthright stand on the side of the right. Why, when this great chance for a great social advance comes along, and when the attitude of the government of Ontario is so crucial, why do we get this strange delay?

I must say that as a member of parliament from British Columbia I have a very real and immediate interest in the accession of Ontario to this scheme. I certainly hope that Ontario does not continue much longer to hold up the whole procession toward adequate social progress in this great Dominion of Canada because we, as the minister pointed out in his evidence before the estimates committee at page 124, are in this position. This is what the minister said before that committee; here is how the provinces would make out:

> So that Saskatchewan would have on the positive side some $9 million, British Columbia, $8·9 million, Newfoundland, $1·8 million and Alberta, $800,000.

In other words, if and when this plan goes through—and it will not go through until Ontario ceases to fail to co-operate—we in British Columbia will immediately benefit to the tune of almost $9 million a year without any further contribution on our part from any source whatsoever.

Mr. Knowles: Will the hon. member permit a question?

Mr. Philpott: Certainly.

Mr. Knowles: While he is commenting on what he refers to as the lethargy of the premier of Ontario, will he not comment on

the attitude of the premiers of Manitoba, Nova Scotia, Prince Edward Island and Newfoundland?

Mr. Philpott: Why, certainly, and it is just as crucial that those provinces should co-operate; but surely even my hon. friend, whose mathematics are none too strong on a good many occasions, knows perfectly well that Ontario has the balance of population in this country with over 4 million people. Therefore, unless the government of Ontario agrees it is impossible to get the necessary 50 per cent.

Mr. Knowles: May I ask a supplementary question, and in doing so I accept the hon. member's point that in terms of mathematics Ontario or Quebec must come in to meet the formula. Would it not be a good lead for Ontario if some of the Liberal provinces in the country were to say that the plan proposed by the Liberal federal government is an acceptable plan?

Mr. Philpott: Of course it would, and if the Tories here from Ontario will guarantee to look after the Tory government of Ontario we Liberals will guarantee to look after the Liberal governments in the other provinces.

That brings me to this. There is my hon. friend the veteran member for Dufferin-Simcoe, who has great influence with Premier Frost of Ontario. Certainly he should be able to stir Premier Frost from his long lethargy and get his government to take some kind of action. There is my hon. friend the member for Vancouver-Quadra, who like myself has a stake in British Columbia getting this benefit of nearly $9 million that will accrue to the province when Ontario comes into the scheme. There is my good friend the hon. member for Hamilton West, who comes from such an enlightened part of the country where all the people believe in social welfare. Surely she can get her friend, Premier Frost of Ontario, to quit his one-man sit-down strike and get in line with the provinces of British Columbia, Alberta and Saskatchewan. And what a good article my good friend the hon. member for York-Humber could write in her column in the Toronto *Telegram*. She could write a good column in the *Telegram* entitled, "Step Lively, Leslie; It is time to Wake Up".

Mr. Knowles: And the Minister of Justice could say the same thing to Premier Campbell of Manitoba.

An hon. Member: What about Quebec?

Mr. Philpott: I do not know whether Quebec is hopeless or not.

Mr. Dufresne: Never mind Quebec. Take care of British Columbia and we will take care of Quebec.

Mr. Philpott: I leave that to the experts on goats coming from that province.

Mr. Dufresne: You have all the goats on the other side.

Mr. Philpott: I do not profess—

Some hon. Members: Baa, baa.

Mr. Dufresne: You hear them about 50 times a day; listen to them again.

The Chairman: Order.

Mr. Dufresne: They are not satisfied with being sheep; they are goats as well. We can smell them here, you know.

Mr. Philpott: I just wish to say, Mr. Chairman, all in good fun, that I do hope and expect the great province of Ontario will not be too long in making up its mind and stepping into line with the progressive provinces in western Canada which have already given their consent to this great measure.

Mr. Small: Mr. Chairman, tonight I was surprised to hear the hon. member for York-Scarborough in bringing forward the point he was trying to present take such a circuitous route to approach it. It seems to be the same point the hon. member for Vancouver South arrived at concerning the probability of Premier Frost of Ontario accepting the national health plan brought forward by the government.

I was perfectly satisfied to let the matter rest after hearing the explanation of the Minister of National Health and Welfare. His explanation was reasonable and acceptable. He pointed out that all the provinces in the dominion were very interested and co-operating with the federal government, and it was collaborating to the extent of trying to make the bill one which could be acceptable to all the provinces. He indicated that the federal government was not putting the provinces in a position where they would have to accept. The same thing is being done, apparently, as was done in the dominion-provincial tax-sharing bill. In other words the federal government is not forcing the provinces. Instead, the situation and attitude is, "If you do not like it you do not have to come in".

The situation today is that 37 years after the great Liberal party offered a national health plan as a plank in its platform, in 1919, it has finally brought it in. It did not bring it until after Premier Frost of Ontario had gone into a comprehensive and exhaustive study of the subject. As the Minister of National Health and Welfare said, Ontario has six different plans, but none are

acceptable at the present time. However, the government of Ontario had a plan and was prepared to launch it, if the federal government was not prepared to do so. That is the only reason the federal government has brought down this bill. It is because the province of Ontario brought one down and is willing to go ahead with it. Now the members of the government are standing up here and saying, "Where does Ontario stand on this matter?" Ontario is ready to give the lead any time but it is the same old story; this government has brought in a bill that has conditions attached to it.

As far as government public buildings are concerned, it will pay taxes under certain conditions. As far as dominion-provincial agreements are concerned, there are certain conditions attached. This government always brings in a jug-handled deal and usually a short-change bill as far as Ontario is concerned. The government tries to make Ontario the goat. Why does it not concentrate on bringing other provinces in instead of Ontario? Ontario will give you the leadership if you want it.

Mr. Knowles: You cannot talk about goats or horses around here any more.

Mr. Harrison: Mr. Chairman, I would like to make some remarks at this juncture. I can see that the minister is anxious to get the first item through, but I require a little latitude here. I think it would be better if I brought this matter up under another item, if the minister does not mind.

Mr. Martin: I do not want to preclude any hon. member from speaking particularly on these matters. We have now had a pretty general discussion and I am asking my hon. friend because he is on my side of the house —I know what would happen if I asked others—would he not think it desirable if he has specific questions on specific items that we might deal with it when we come to the items?

Mr. Rowe: It is bad enough that you stop the opposition; don't stop your own men.

Mr. Harrison: I am in somewhat the same position as the hon. member for Selkirk. I do not have a specific question, but I have a little discussion I want to go into. If it does not inconvenience the minister I might proceed with it now, unless the minister would care to give me a little more latitude later on when we are discussing some of the items.

Mr. Rowe: Go ahead. Read him a speech.

Mr. Martin: When we come to the family allowance item I shall be glad to accede to my hon. friend's request.

[Mr. Small.]

Mr. Harrison: With that reservation I am quite satisfied.

Mr. Barnett: I am going to preface my remarks by saying I do not intend to speak at any great length, and I hope the minister will not take any of my time in trying to persuade me to defer what I have to say.

I waited with interest for the reply that might be forthcoming to the statement of the hon. member for Vancouver South in respect to action that might be taken by Ontario to facilitate what we hope to see in British Columbia. I am in complete sympathy with that aspect of the hon. member's discussion, but I must say I was rather disappointed at some of his earlier remarks when he dragged in the old bogey about an increase in the old age pension being dependent on some reduction in arms expenditures.

In this connection I notice that the minister —I am going to get mixed up in his title like the hon. member for Vancouver South did— the Minister of National Health and Welfare—

Mr. Castleden: Wealth and hellfare.

Mr. Barnett: —did not suggest that the hon. member for Winnipeg North Centre earlier today had made a slip of the tongue when he put forth his proposal in respect to an increase in the basic old age pension. He can say that something is being done in the field of national hospital insurance, but I certainly cannot go along with the thinking of people like the hon. member for Vancouver South and the minister who suggest that an increase in the old age pension at this time would necessarily endanger progress in the field of hospital insurance. I can understand the minister with the responsibilities of his office perhaps being a little more timid, particularly when he might have to convince some of the more timid-minded members of the cabinet—

Mr. Martin: None of them is timid.

Mr. Barnett: —but I am surprised to find the hon. member for Vancouver South tagging along with that timidity.

The suggestion the minister made that this increase would cost $600 million is one I do not find the least bit appalling. I think it is a matter of having a proper appreciation of what is important, an appreciation of those things on which the people of Canada should be spending their money. I agree that $600 million sounds like a lot of money, but to me in terms of the plain economics of the productive capacity of the Canadian people, $600 million is not a great sum. It might mean that some people in this country could possibly not afford a new car quite as often, or perhaps they could not turn in their old television set for the latest model as frequently,

but I believe a proper appreciation of the values involved would indicate that even if some people had to make minor sacrifices of that kind the $600 million would be much better spent in the field of old age pensions. I certainly would not agree that the hon. member for Winnipeg North Centre was the least bit unrealistic when he put forward his proposal.

I would like to tell the minister a little story concerning something that happened to me last fall. I was invited to attend a banquet of an old age pensioners' organization. I felt this was a strictly non-political gathering and I made what I considered to be a nice little speech appropriate to the occasion. I very carefully avoided becoming too fervent in any expression of my own particular views on the subject of what should be done concerning an increase. I found myself with mingled feelings of consternation and delight when a little later on in the proceedings one of the women in attendance, who I happen to know is the president of the Liberal women's association in the district, got up and made a very forthright speech on the subject of what should be done about old age pensions.

I only wished I had a tape recorder there so I could play her speech here for the benefit of the minister at this time, because I am sure no words of mine could be as forthright in expressing the requirements in this connection as her words were. I am completely confident that the majority of people—at least those in my own constituency—would be quite prepared to support a proposal to increase the old age pension in something like the degree suggested by the hon. member for Winnipeg North Centre.

It seems to be that if this great Liberal party with its huge majority in this parliament had a bit more courage and would take that kind of issue to the people of this country, they would be more likely to prolong the life of this government than if they hang back with their present timidity in this field. I think it is time to go out and tell the people of Canada that an increase in old age pensions is going to cost money. Let us not try to hide the fact that these things do cost money. Let us go out and say that in the kind of society in which we feel we should be living, this is the sort of thing we should be spending our money on instead of on some of these highly advertised, unnecessary gadgets which we find in the country today.

This is all I intend to say on this particular subject, but there is one other point with which I should like to deal while I am on my feet. I have made previous reference to this question, and I should like to make a special plea for a specific guiding allowance for the blind persons of Canada.

Mr. Martin: Would my hon. friend be prepared to deal with that when we come to the particular item covering blindness allowances?

Mr. Barnett: I shall co-operate with the minister to that extent. He knows I have an interest in this matter.

Mr. Martin: I shall be glad to deal with it then.

Mr. Blackmore: Before the item carries I should like to ask the minister a specific question. This is the occasion on which he is officially before the committee, but there are certain matters which I wish to discuss with him pertaining to his performance at the United Nations. Will he be appearing in a capacity in which I can ask those questions at a later date? To be more specific, will he be along with the Secretary of State for External Affairs when we are discussing those estimates? Will he be prepared to explain what he did in respect to the package deal he worked out last year? I shall refrain from asking any questions now pertaining to that matter, on the understanding that he is making a special commitment to be here so I can ask him these questions at a later time.

Mr. Castleden: Mr. Chairman, during the past two or three years there have been a number of times when hon. members on this side of the house have asked the minister questions on the orders of the day and he has spent a great deal of time eulogizing his party and the great program they have undertaken. He has given the impression generally throughout the country over the years that this was just about the most perfect thing that ever happened in a most perfect world, and everything was shipshape. However, that is far from the truth in the case of old age pensions of $40 per month on which people of 70 years of age and over are asked to live.

Mr. Martin: Would my hon. friend permit me, as an old-time room-mate who lived in the same house, to suggest that we could discuss that on the particular item?

Mr. Castleden: If the minister will give the same kind of long dissertation as he gave on health.

Mr. Martin: I shall be glad to do that.

Mr. Castleden: Is the minister prepared to give it now?

Mr. Martin: When we get on the item.

Mr. Castleden: There are a number of things I would like the minister to talk about when we come to that. I can list a few of them. He may try to place the blame on the increased cost of living, but I would like him to explain how we can expect old age pensioners to have a better standard of living today on $40 a month than they had 15 years ago when the cost of living was about half what it is today.

Mr. Martin: When we come to that item I shall be happy to deal with it.

Mr. Castleden: Are you going to deal with the matter?

An hon. Member: Only three minutes to hold it up.

Mr. Castleden: I will not take as long as the hon. member for Vancouver South, and I shall try to deal with matters having to do with the department of wealth and hellfare, when people of 70 years of age are asked to live on this amount. The cost of living is striking these people so hard that it is just utterly impossible for them to carry on. This will require a lot of explaining, and I hope the minister will have something more than words to give us. What I want to see is something in the way of action in giving assistance to people who have to live on $40 a month. The hon. member for Mackenzie referred to an article in a Toronto paper where a reporter outlined his experience trying to live on $40 a month. It brings things pretty close to home.

We read in the paper that the cost of living index had gone up 1·2 points, but that was let go by almost without a gesture or statement by the government. The great part of that increase was made up by the increased cost of food. It is costing the older people more for the food they have to buy, while the producers in my part of the country find that their returns are going down. The Minister of Agriculture knows that.

There is something wrong about the way we are forcing and compelling these people to live when the cost of living continues to go up. There is absolutely nothing being done to help people who are absolutely helpless and able to do nothing about it except wait for their cheque for $40 at the end of the month. The first statutory item under the minister's estimates is for $17,000 for himself, which is quite a bit more than the $40 per month the old age pensioner gets. Under the present system, when the minister reaches 70 years of age he will have that added to the $17,000, provided he is still minister.

Mr. Knowles: Heaven forbid.

Mr. Castleden: I do not know how many years he has to go. This matter is far too important to be glossed over when we are dealing with this department.

Mr. Martin: We will be coming to the item dealing with old age pensions, when we can have a full discussion.

Mr. Castleden: The only difficulty about that is I may be called out to a committee meeting. The committees could have been sitting in January, February and March. I asked the chairman of one committee when the committee was going to sit and he just said, "How high is up?" May I call it ten o'clock?

Mr. Martin: Would the hon. member not agree to leave this until we come to the item, so we can pass the general item? We have had a very full general discussion.

Mr. Castleden: I am sorry, I cannot concede that. I have other remarks I should like to make on the matter.

Item stands.

Progress reported.

Resolutions adopted in committee of supply this day reported and concurred in.

BUSINESS OF THE HOUSE

Mr. Harris: Tomorrow we shall continue with these estimates and then C.B.C., justice and agriculture.

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

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

NATIONAL DEFENCE—ADVERTISING

Question No. 551—**Mr. Diefenbaker:**

1. What was the total amount expended for advertising by the Department of National Defence in each of the years 1953, 1954 and 1955, in (a) daily newspapers; (b) weekly newspapers; (c) all other periodicals?

2. What was the amount included in such total which was paid to foreign language (a) dailies; (b) weeklies; (c) all other periodicals?

Answer by: **Hon. R. O. Campney (Minister of National Defence):**

1. For the fiscal years:

Questions	1953-54	1954-55	1955-56
(a)	$1,052,919.59	$735,838.37	$618,371.38
(b)	468,072.81	338,166.67	244.779.87
(c)	195,266.75	235,980.82	202,066.88

2. Nil.

FAMILY ALLOWANCE PAYMENT STATISTICS

Question No. 558—**Mr. Follwell:**

1. What were the total payments under family allowance legislation in each of the years 1953, 1954 and 1955, (a) in Canada; (b) in each province; (c) in the constituency of Hastings South?

2. How many recipients of family allowance were in each of the above years, (a) in Canada; (b) in each province; (c) in the constituency of Hastings South?

Answer by: **Hon. Paul Martin (Minister of National Health and Welfare):**

1 (a). 1953-54, $350,113,902; 1954-55, $366,-465,965; 1955-56, $382,535,026.

(b).

Province	1953-54	1954-55	1955-56
Newfoundland	$ 11,497,719	$ 11,967,775	$ 12,414,789
Nova Scotia	16,716,374	17,147,920	17,596,685
Prince Edward Island	2,558,097	2,590,704	2,621,722
New Brunswick	14,700,819	15,073,324	15,451,544
Quebec	111,441,302	116,057,182	120,389,838
Ontario	104,409,819	110,492,480	116,604,314
Manitoba	17,979,854	18,705,349	19,418,713
Saskatchewan	20,244,540	20,894,790	21,401,114
Alberta	23,958,081	25,390,585	26,752,793
British Columbia	25,904,496	27,405,872	29,097,077
Northwest and Yukon Territories	702,801	739,984	786,437

(c). Family allowance records are not maintained on a constituency basis.

2 (a). 1953-54, 2,116,709; 1954-55, 2,195,027; 1955-56, 2,263,618.

(b).

Province	1953-54	1954-55	1955-56
Newfoundland	55,102	56,692	58,223
Nova Scotia	95,715	97,478	99,071
Prince Edward Island	13,205	13,142	13,151
New Brunswick	75,189	76,229	77,079
Quebec	585,050	605,916	623,961
Ontario	712,592	744,736	773,535
Manitoba	116,238	119,594	122,018
Saskatchewan	123,753	126,424	127,175
Alberta	154,258	161,737	167,705
British Columbia	181,241	188,471	196,955
Northwest and Yukon Territories	4,366	4,608	4,744

(c). See answer to No. 1(c) above.

GROSS NATIONAL PRODUCT BY PROVINCES

Question No. 560—**Mr. Thatcher:**

1. What was the gross national product of each province during the calendar years (a) 1946; (b) 1955?

2. What is the estimated gross national product of each province for the first six months of 1956?

Answer by: **Mr. Dickey, Parliamentary Assistant, for the Minister of Trade and Commerce:**

1. (a) and (b). This information is not available. Gross product is not compiled on a provincial basis.

2. Answered by No. 1.

[The following items were passed in committee of supply]:

DEPARTMENT OF DEFENCE PRODUCTION

A—Department—

85. Departmental administration and payments to Canadian Commercial Corporation and other corporate agencies for services provided in connection with defence purchasing and production, $6,145,727.

86. Care, maintenance and custody of standby defence plants, buildings, machine tools and production tooling, $500,000.

87. To provide capital assistance for the construction, acquisition, extension or improvement of capital equipment or works by private contractors engaged in defence contracts, or by crown plants operated on a management-fee basis, or by crown companies under direction of the Minister of Defence Production, subject to approval of treasury board, $7,500,000.

88. To provide for payment of grants to municipalities in lieu of taxes on crown-owned defence plants operated by private contractors, $227,900.

B—Crown companies—

89. To provide for expenses incurred by Defence Construction (1951) Limited in procuring the construction of defence projects on behalf of the Department of National Defence, $3,700,000.

Canadian Arsenals Limited—

90. Administration and operation, $1.

91. Construction, improvements and equipment, $3,929,000.

HOUSE OF COMMONS

Friday, July 27, 1956

The house met at eleven o'clock.

PUBLIC WORKS

REPORTED CUT-BACK IN PROGRAM BY $20 MILLION

On the orders of the day:

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, in the absence of the Minister of Public Works perhaps I should direct this question to the Prime Minister. Press dispatches of this morning indicate the probability of the Department of Public Works cutting back their program for this year to the extent of $20 million. I wonder whether the Prime Minister can tell the house whether or not that is so and, if it is so, whether a similar pattern is to be followed in the other departments.

Right Hon. L. S. St. Laurent (Prime Minister): There has been no decision reached as to cut-backs. Of course, no department can do more than supplies of material and manpower will justify, and the matter of the possibility of there being $8 billion of capital development in Canada made this year is now under very serious consideration.

Mr. Green: There is a possibility that a cut of this type will be made?

Mr. St. Laurent (Quebec East): There is a possibility that it may not be feasible to do all the things that were being planned for this year, but no decision has yet been reached.

FINANCE

INQUIRY AS TO POLICY RESPECTING TAX ON CERTAIN ADVERTISING REVENUES

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): May I ask the Minister of Finance if, in view of the long delay and the number of press articles and rumours that are going about, he does not think it is about time to stop coyly playing the game of hide and seek and tell the house whether he does or does not intend to proceed with the proposed 20 per cent tax on advertising matter in certain magazines.

Hon. W. E. Harris (Minister of Finance): I have been informed by hon. members opposite that the session will take quite a while, and under those circumstances there will be plenty of time to deal with the resolution.

PRIVILEGES AND ELECTIONS

INQUIRY RESPECTING STUDY OF REDISTRIBUTION BY COMMITTEE

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Secretary of State. Can the minister tell us what the situation is now with respect to the study of redistribution that was recommended by the committee on privileges and elections last year?

Hon. Roch Pinard (Secretary of State): I have just received a letter from the counsel who was appointed to make a study of methods of redistribution in other commonwealth countries, and he informed me that his report is now ready and he will send it to me in a few days. This report will have to be studied and action, if any is to be taken, will then be announced.

Mr. Knowles: May I ask a supplementary question? If this material is not studied and available in time for consideration by a committee at this session, will it be considered at the next session if there is another session of this parliament?

Mr. Pinard: I will make a study of the report and will announce the decision taken at that time, after discussing the matter with my colleagues.

GRAIN

INQUIRY AS TO QUOTAS IN NEW CROP YEAR

On the orders of the day:

Mr. A. M. Nicholson (Mackenzie): I should like to direct a question to the Minister of Trade and Commerce. In view of the fact that the new grain crop year in the west begins next Wednesday, could the minister announce the amount of grain farmers will be permitted to deliver on the new quota?

Right Hon. C. D. Howe (Minister of Trade and Commerce): I understand a formal announcement from the wheat board will issue today. In the meantime, subject to that

announcement—in other words if there is any error here it will be corrected in the announcement and I am not guaranteeing this information—my present information is that the initial quota on Durum wheat will be 5 bushels per seeded acre; flax 5 bushels; grains generally 100 units, the same as the opening quota for last year. There will be the same provision as last year for the delivery of malting and pearling barley. In order to help out points with a lower quota than normal at the present time, all outstanding rail orders will remain in effect so as to effect higher deliveries at the opening of the new season for points that have not already shipped the maximum quota.

FLAX—INQUIRY AS TO QUOTA

On the orders of the day:

Mr. E. G. McCullough (Moose Mountain): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce. In view of the minister's statement with respect to grain quotas for the new crop year and the fact that in western Canada there is likely to be a large flax crop, do I understand that there is to be a quota on flax this year? This seems to be a departure from previous years when flax was not under quota. Will flax be under quota during the new crop year?

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, as I recall the situation of a year ago, flax was initially under a quota and the quota was removed shortly after the opening of the crop year.* I understand that there will be an initial quota of 5 bushels per seeded acre which, in my opinion, is a large quota. Whether a quota on flax will be maintained throughout the year I cannot say.

**See amended answer on page 6783.*

BOX CARS—INQUIRY AS TO ALLOCATION IN SASKATCHEWAN

On the orders of the day:

Mr. G. H. Castleden (Yorkton): Mr. Speaker, I should like to direct a question to the Minister of Transport. Will he look into the matter of allocation of box cars at the delivery points in Saskatchewan? He asked me to draw this to his attention if I was interested in it. My attention has been called to the town of Wishart where the pool is unable to get its allocation on the basis of shipping orders.

Hon George C. Marler (Minister of Transport): Mr. Speaker, I shall draw the matter to the attention of the transport controller.

[Mr. Howe (Port Arthur).]

VETERANS AFFAIRS

COLONEL BELCHER HOSPITAL, CALGARY—REQUEST FOR STATEMENT ON BOARD OF INQUIRY

On the orders of the day:

Mr. C. E. Johnston (Bow River): The other day I asked the Minister of Veterans Affairs if he would give an explanation of the unfortunate incident which occurred in the Colonel Belcher hospital a few days ago. He said at that time he was setting up an independent inquiry to investigate this. My information is now that the inquiry which has been set up is to be made by three D.V.A. officials, and is not what I call an independent inquiry. Will the minister or his assistant make an explanation of that?

Mr. C. E. Bennett (Parliamentary Assistant to the Minister of Veterans Affairs): I shall bring the question to the attention of the minister when he returns on Monday.

PUBLIC BUILDINGS

OTTAWA—INQUIRY AS TO PRESERVATION OF OLD SUPREME COURT

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): I should like to ask the Prime Minister whether a decision has now been arrived at by the government to preserve the old supreme court building as one of the shrines of our national freedom, rather than allowing it to be destroyed for the demands of the moment?

Right Hon. L. S. St. Laurent (Prime Minister): No, Mr. Speaker, there has been no decision reached about that matter.

Mr. Diefenbaker: Is consideration being given now to its preservation?

Mr. St. Laurent (Quebec East): There has been no report from the Minister of Public Works to the cabinet about the matter so far.

ST. THOMAS, ONT.—INQUIRY AS TO DATE OF CALLING FOR TENDERS

On the orders of the day:

Mr. James A. McBain (Elgin): Mr. Speaker, in the absence of the Minister of Public Works I should like to direct a question to his parliamentary assistant. Can he advise the house of the progress being made toward the construction of the new post office and public building at St. Thomas, and approximately at what time tenders will be called?

Mr. Maurice Bourget (Parliamentary Assistant to the Minister of Public Works): I think this is the kind of question that should be put on the order paper. If my hon.

friend will put his question on the order paper we shall give him the information he wants.

TRADE

TEXTILES—ENFORCEMENT OF ANTI-DUMPING LAWS

On the orders of the day:

Mr. J. A. Charlton (Brant-Haldimand): I should like to direct a question to the Minister of Finance. Is the government taking any further action with respect to the anti-dumping laws, having particular regard to textiles, in view of the purported action being taken by the United States government on August 1?

Hon. W. E. Harris (Minister of Finance): The anti-dumping laws are part of our laws and will be enforced in the normal way.

HEALTH AND WELFARE

INQUIRY AS TO ACTION IN CONNECTION WITH ALLEGED POISONOUS FOOD DYES

On the orders of the day:

Mr. F. G. J. Hahn (New Westminster): I should like to direct a question to the minister of national wealth and hellfare—I mean the Minister of National Health and Welfare. Is the minister now in a position to indicate whether his department is prepared to take action regarding the use of coal tar food colouring in this country, in view of a recent press dispatch headed "Probers Claim Some Food Dyes Poisonous—Linked to Cancer", a copy of which I sent to the minister some days ago?

Hon. Paul Martin (Minister of National Health and Welfare): Mr. Speaker, I have been introduced as the minister of health and welfire and wealth and hellfire, but the man who introduced me referred to me as heading one of the best departments of the government of Canada, although this is to my officers and not to me.

After August 1 of this year, oranges coloured with oil red XO will be treated as a food containing a non-permitted colour and subject to the sanctions of the Food and Drugs Act.

HOUSE OF COMMONS

REPORTED ISSUANCE OF INSTRUCTIONS FOR GENERAL ELECTION

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I should like to direct to the Secretary of State a question which has been only partially answered in a previous reply to questions from other hon. members. Will the Secretary of State inform us whether instructions have gone out to returning officers in federal constituencies to prepare for an election? If not, will the minister explain why I have now received a communication from the returning officer of my constituency asking that I submit the names and addresses of 140 enumerators in my constituency?

Hon. Roch Pinard (Secretary of State): Mr. Speaker, I was told by the chief electoral officer some time ago that the documents, with instructions, that had gone to returning officers were just routine; but in view of the remark that has just been made, I shall take the matter up with the chief electoral officer to learn what has been done and report later.

Hon. W. Earl Rowe (Dufferin-Simcoe): Mr. Speaker, following the inquiry just made and in view of the statement made by a reporter very close to the government and one who is usually correct in his prophecies, and in view of the statement in the Ottawa *Citizen* that an election is likely to be held October 29, will the Prime Minister tell the house whether there will be an election this year?

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, there has not been any date fixed for an election, and when one is fixed it will be announced to the public otherwise than through any reporter.

Mr. Rowe: Thank you very much. I would expect that.

Mr. Diefenbaker: That reporter is usually correct in his predictions.

Mr. W. M. Hamilton (Notre Dame de Grace): Mr. Speaker, is the Secretary of State aware that the necessary official preliminaries for an election which are being undertaken in most constituencies are not in progress in Notre Dame de Grace owing to the government's failure to appoint by order in council one of its supporters as an impartial returning officer for that constituency?

Mr. Pinard: Mr. Speaker, I am not aware of that fact. I will inquire of the chief electoral officer and see whether this could not be attributed to the hon. member himself.

Mr. Knowles: He is not an impartial supporter of the government.

Mr. Pinard: In any event I will see what the situation is in the hon. member's constituency.

Mr. Hamilton (Notre Dame de Grace): Mr. Speaker, as a supplementary question, would the Secretary of State take steps to see that

an order in council is passed appointing a returning officer for this constituency so that polls may be delineated and the other work undertaken? It is the government's responsibility to recommend that name to the chief electoral officer.

Mr. Pinard: Mr. Speaker, I will surely take this question as notice of the wish of the hon. member to see that this is done and it is also our intention that a returning officer be appointed for that constituency.

[*Later:*]

On the orders of the day:

Mr. Rowe: I should like to ask the Secretary of State, in how many electoral districts are there returning officers now established either by recent appointment or permanently from the last election.

Mr. Pinard: I think this question could have been put on the order paper. In any event, I shall make inquiries and find out.

NATIONAL REVENUE

LETHBRIDGE—NUMBER OF TAXPAYERS SERVED

On the orders of the day:

Mr. J. H. Blackmore (Lethbridge): Mr. Speaker, I desire to direct a question to the Minister of National Revenue, notice of which I have recently sent him. In the geographical area that has been and is now being served by the Lethbridge income tax office, how many persons were required to pay income tax during each of the years 1951 to 1956, inclusive? How many of these consulted the Lethbridge income tax office personnel for guidance or assistance during each of the years 1951 to 1956, inclusive?

Hon. J. J. McCann (Minister of National Revenue): Mr. Speaker, I shall have to regard this question as notice, as I received it only about five minutes ago. However, at this time I should like to answer questions that were put by the hon. member a few days ago as follows:

Will the minister tell the house how much the maintenance of the Lethbridge income tax office has cost the department during each of the years 1950, 1951, 1952, 1953, 1954, 1955 and 1956 to date?

The answer is as follows:

	Salaries	*Other Expense	Total
1950	$14,148	$ 500 (Est.)	$14,648
1951	15,620	525	16,145
1952	17,060	1,302	18,362
1953	17,650	1,460	19,110
1954	19,050	1,343	20,393
1955	19,680	1,435	21,115

* This does not include rent, stationery and supplies or public forms.

[Mr. Hamilton (Notre Dame de Grace).]

The second question was as follows:

Will he tell the house how many income tax cases the Lethbridge income tax office has dealt with during each of the years 1950, 1951, 1952, 1953, 1954, 1955 and 1956 to date?

The answer is as follows:

	No. of Cases
1950-51	1,250
1951-52	780
1952-53	952
1953-54	1,200
1954-55	212
1955-56	205

Since the end of December 1954 most of the work formerly done in Lethbridge has been done by our Calgary district office. Since that time the number of returns sent to Lethbridge for action has been restricted to the number that can be efficiently handled by the three assessors who were stationed there. Field investigations for the Lethbridge area have as a matter of fact always been undertaken in large part by Calgary assessors. In effect, therefore, the volume of assessments actually handled in Lethbridge is, and always has been, a small part of the total.

I would like to assure the hon. member for Lethbridge that the Calgary district office will each year hereafter station two or three assessors in Lethbridge for two or three weeks in the spring of each year when it comes time for the filing of income tax returns. These men will provide adequate service for the area and will for the most part be a satisfactory substitute for the maintenance of a permanent staff there.

This, I think, will give the reason and the justification for closing up our last regional office in Canada.

There was a further question asked by the hon. member for Lethbridge on July 25. The hon. member asked me to state the boundaries of the area served by the Lethbridge office. I again emphasize the fact that the whole area of southern Alberta is served by the Calgary district office. The portion of the province served by Lethbridge is undefined because the only returns handled are those specific cases referred to them.

NATIONAL DEFENCE

NIAGARA CAMP—STATEMENT AS TO QUALITY OF FOOD

On the orders of the day:

Hon. R. O. Campney (Minister of National Defence): Mr. Speaker, on July 20 I told the member for York West (Mr. Hamilton) that I would look into the provision of food for militia units at camp Niagara-on-the-Lake. This matter has now been looked into and,

as so often is the case, the allegations made have been found to be somewhat exaggerated.

However, the commanding officer of the camp who conducted the investigation has reported that the quality of catering, which was by contract, was not as good as it should have been when the camp opened. It should be pointed out that to organize a catering service to take care of a large number of men at one time and quickly does present some difficulties, particularly at the opening of the camp season before the catering organization has got into its stride. However, there has been steady improvement in the situation at this camp and the quality of food and arrangements for its serving are now reported to be reasonably good.

Since the difficulty here stems from the early camp catering period I am asking the army authorities to look into ways and means of getting the quality of catering up to better levels at the outset of militia camp training next year. Our objective is to provide members of the militia with first quality food well prepared and well served. I am hopeful that our studies of the situation at this camp and elsewhere will lead to improvements in the quality of commercial catering services for which we must contract to supplement our regular army facilities.

WEST GERMANY—STATEMENT ON ALLEGED INADEQUATE RATIONS OF CANADIAN TROOPS

On the orders of the day:

Hon. R. O. Campney (Minister of National Defence): Mr. Speaker, on Monday last the hon. member for Middlesex East (Mr. White) referred to an item in the London *Free Press* reporting a complaint about food provided for the Canadian brigade in Germany. The allegations on which the article was based were those of Private Tunks and they may be briefly stated as follows: First, that he and his fellow soldiers did not get enough to eat; second, that Canadian troops were on British rations; third, that they got bully beef day after day; fourth, that they got only two eggs a week.

Briefly, the answer to Private Tunks' complaints is that Canadian soldiers in Germany eat very well indeed. While supplies in Germany are drawn from British sources their issue is based on Canadian troops ration scale. The issue of fresh meat, ham, poultry and fish averages 12 ounces a day, besides 2½ ounces of bacon and pure pork sausage. Once a week 3 ounces of bully beef are also served in order to provide turnover of the reserve rations of which this forms a part. Fresh eggs are provided on the scale of one per man per day. There is also a pint of fresh milk a day.

With regard to the hon. member's query as to whether Canadian products are used in making up the Canadian rations in Germany, considerations of economy and practicability militate against our attempting to set up separate lines of supply using exclusively Canadian products. Instead we draw our rations from the British army of the Rhine. Qualitatively and quantitatively our scale of issue overseas compares favourably with the excellent scale of issue in Canada. Fresh milk, eggs and so on are of course obtained in Europe. Since Europe is a large purchaser of Canadian food products, very probably part of the rations are of Canadian origin.

I can assure the house that despite Private Tunks my own sampling of meals served and the observations of other experts in this line —possibly I can include the hon. member for Esquimalt-Saanich (Mr. Pearkes)—convinced me that our soldiers in Europe are eating very well indeed, which is as it should be.

AIR TRANSPORT

STATEMENT ON ALLEGED USE OF R.C.A.F. PLANE IN 1953 ELECTION CAMPAIGN

On the orders of the day:

Hon. R. O. Campney (Minister of National Defence): Mr. Speaker, yesterday the hon. member for Victoria, Ont. (Mr. Hodgson) asked me the following question:

> On whose authorization was it that an R.C.A.F. plane flew the former minister of transport from Ottawa to Lindsay and back again and to other political meetings in July of 1953?

The short answer is that there was no authorization because there was no flight by an R.C.A.F. plane for the former minister of transport during July, 1953. I am very much surprised that the hon. member should persist in raising this question with monotonous regularity, particularly as a very full answer was given to his own written question on this very subject and which, if he will take the trouble to look, he will find at page 1422 of *Hansard* for February 23, 1955.

Mr. Hodgson: Would the minister like to have a picture of the plane when it landed at Sturgeon Lake?

Mr. Campney: I always like to look at pictures.

SUPPLY

The house in committee of supply, Mr. Robinson (Simcoe East) in the chair.

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

244. Departmental administration, $1,222,800.

Mr. Castleden: Last evening we were discussing the matter of the administration of the Department of National Health and Welfare and the matter of old age pensions. The minister seemed to be rather pleased that I should keep this item open. I should like to tell him that the members of the C.C.F. party in this house historically have been acting as a goad and a spur to the governments of this country in the matter of old age pensions ever since the party was elected to this house. It was largely through the efforts of one of the original members of this party that the old age pension was established.

Some hon. Members: Oh!

Mr. Castleden: I see that a lot of other members agree with me. Today we have some 745,000 pensioners in Canada, and the cost to the Canadian government is about $353 million. I think that the fact that we pay that amount of money and are taking care of those people is all to the good in Canada, and we can be proud of the record. However, there is something very seriously wrong with the pension that is given out today. I think the Canadian people will support an increase in that pension because it is the actions of the present government at Ottawa that have brought about a condition that these people are not living as senior citizens of this country should live.

I refer to the fact that the $40 a month that is now paid to old age pensioners, to people in Canada when they reach the age of 70, is not sufficient for them to live in the way they should live after reaching that age. A few years ago, a pension of $40 per month probably would have been sufficient to take care of the needs of an average person, but the cost of living—the cost of rental, clothing, food and particularly medical attention in hospitals—has increased so tremendously that the value of the $40 per month is practically wiped out. The people are still trying to exist on a niggardly, paltry $40 which will buy very little. I do not know any place in Canada where a person can obtain decent shelter for $20 per month, certainly not in the cities. To try to exist on the remaining $20 a month, to buy food, clothing, medical care and medicine, with the costs today constantly increasing, means that these people just do not get them.

[Mr. Campney.]

The government that sits opposite today is responsible for the increased cost of living. When they took the price controls off, immediately after the war, they allowed the cost of living to skyrocket to a point where they have found it necessary to see that the Canadian people got some increase in their income. Members of parliament increased their pay to $10,000 per year. Cabinet members increased their pay. Wage earners have found it necessary to go on strike to get more money in order to be able to cope with the constantly increasing costs of living. The provincial governments have difficulty in administering their own departments. The minister's estimates and the report of his department show how the costs of administering that department are constantly increasing because of the cost of living.

One group of people who seem to be unable to pass on their costs are the old age pensioners. Left with a miserable $40 a month, life to them is a mere existence. It is fortunate that in some provinces these people receive a little extra because the provincial governments have assumed a responsibility which I maintain is not theirs out of pity for the old age pensioners. The province of Saskatchewan, and also the provinces of British Columbia and Alberta, pay a supplementary allowance in order to help the pensioners to eke out an existence because they cannot exist on $40 a month.

The provincial government of Saskatchewan has assumed the responsibility for all medical care for old age pensioners. What a relief that must be for the people who live in that province compared with other provinces where the old age pensioner must spend part of his $40 a month on hospital care, doctors and medicines. Our province provides free medical attention, free hospitalization, eye, ear, nose and throat care, dental care and other assistance of that kind to needy pensioners without cost.

Mr. Studer: How many people get the supplementary allowance?

An hon. Member: How many get it in Manitoba?

Mr. Castleden: All needy people get the supplementary allowance.

Mr. Studer: You are the humanitarians. How many get the supplementary allowance in Saskatchewan?

Mr. Castleden: I suppose none at all?

Mr. Studer: Only twenty-two.

Mr. Castleden: Is that all the people who get the supplementary allowance in Saskatchewan? The hon. member ought to be ashamed to say that is all who get the additional allowance.

Mr. Studer: I said supplementary allowance to the full extent.

Mr. Castleden: To the full extent—now you are changing it a little. The allowances are given according to the need.

Mr. Ellis: How many Liberal provincial governments give anything?

Mr. Castleden: Saskatchewan gives an allowance although the per capita income is quite low and it is one of the poorer provinces.

Mr. Studer: Only twenty-two people with need.

Mr. Castleden: Now you are trying to go back again. Is that all who get any supplementary allowance? Is that all who get free hospital care and free medical attention? Are those your figures?

Mr. Studer: Who get the maximum.

Mr. Castleden: Now you are changing it. Every person who is in need gets a supplementary allowance and receives the full benefits of free hospital care and free medical attention, and you know it.

Mr. Ellis: What about the Manitoba Liberal government?

Mr. Studer: Manitoba does not claim to be humanitarian but you do.

Some hon. Members: Oh, oh.

Mr. Knowles: Manitoba is not humanitarian; Manitoba is Liberal.

Mr. Studer: Tell the truth over there for once.

Mr. Castleden: Absolutely everything I have said is true. You are the one who is trying to twist things and make it look as though there were only twenty-two people receiving hospital care, medical care and so on.

Mr. Studer: Receiving the maximum allowance under the supplementary pension.

Mr. Castleden: It is amusing to listen to you, old flannelmouth. It is nice to have you back in the house again after your long sojourn in the west.

Mr. Studer: When did you come back?

Mr. Dickey: Yesterday.

Mr. Castleden: I have been back a long time. Unfortunately I had to go west to see some of my friends.

Mr. Dickey: It seems like a long time, as you have been speaking ever since you got back.

Mr. Castleden: The government is now spending a matter of $353 million on old age pensions at the rate of $40 a month per person. I suggest that if this government—

Mr. Martin: The figure is $379 million.

Mr. Castleden: For what year?

Mr. Martin: That is the estimate. It has increased this year by $11 million.

Mr. Castleden: I took the latest figure from page 114, I believe, of the minister's annual report and the figure is $353,205,333.

Mr. Martin: Actually it is $379 million.

Mr. Castleden: That was last year?

Mr. Martin: No, that is the estimate for this year.

Mr. Castleden: That is your estimate for this year. Good. We are pleased to see them spend that, but I am trying to point out to the minister that with the cost of living increasing the amount is still insufficient and quite inadequate. Certainly it does not take care of the old age pensioner trying to exist in those provinces where he does not get any additional assistance. We intend to continue to fight to get an increase in the pension to take care of these people adequately.

It is because of their suffering that we cannot allow the minister's estimates to go through again without a further and emphatic protest. An increase of even a little bit would mean so much to these people. You are giving the pension to every person who has reached the age of 70. How many thousand people are there, 745,000?

Mr. Martin: We are giving the pension to about 780,000 people 70 and over.

Mr. Castleden: That is the old age pension.

Mr. Martin: Old age security recipients number about 780,000.

Mr. Castleden: That is in what year?

Mr. Martin: That is as of today.

Mr. Castleden: The minister can give me all the figures he likes.

Mr. Martin: I would point out to my hon. friend what the difficulty is, as I suggested to him last night. He is dealing with a particular subject and I have no objection to his carrying on, but only when we get to the particular item. I will answer what he says and deal with it then, which I think is the proper way to do it. If my hon. friend wants to make a general speech, that is his privilege. I do not want him to think that I am huffed in any way. He can take all the time in the world, but the appropriate place is on the proper item.

Mr. Castleden: That is true, but at the same time general speeches are made on the first item of the department which the minister administers. We hear him speak quite frequently in the house and on almost every occasion he is asked a question he gives a long talk on the splendid work the government is doing.

Mr. Martin: I am not a bad old fellow.

Mr. Castleden: The minister referred yesterday to the fact that we used to be roommates some years ago.

Mr. Martin: We lived in the same house.

Mr. Castleden: That is right. I was using the minister's words. I can remember your cherubic figure in those days, and I suggest that if you had gone on the old age pensioners' diet at that time you would not have had to go on an artificial one to attain your present fine figure. The minister's waistline in those days would scarcely have been appropriate for a minister handing out $40 a month to old age pensioners living in the condition of starvation in which they have to live. The point I am trying to make is this. The fact is that the situation is so bad that provincial governments have to enter the field in order to relieve the dire need of people who are unable to help themselves, whose earning capacity is practically gone and who have no way of passing on increases in the costs of living to anyone else, as the manufacturers can. Even with the supply of food that we have in this country, old age pensioners who are attempting to live on this amount of money cannot help but be actually hungry. Coming from the prairie provinces as I do, and seeing the abundance of food in that part of the country, in my opinion it is a shame that these old age pensioners have to pay the prices that they do, even for the bread they get, for the meat they have to buy and the other things they have to purchase. The fact that people over 70 years of age are hungry in this land, with hundreds of millions of bushels of surplus wheat, is a tragic situation, in my opinion.

I believe that the federal government has got to assume responsibility for a larger and larger share of the payments to old age pensioners in this country. These people have made their contribution to Canada. They have completed their life's work and in their declining years most of them, through no fault of their own, find themselves in dire circumstances. They could live on $40 a month if the cost of living were not so high. But where there are cases of need, particularly in the matter of hospitalization and medical care, surely it is the responsibility of the federal government to see that their senior citizens in any part of Canada do not suffer. If the provincial governments are going to undertake this, and they do it because the federal government refuses to do so, that is a sign that the need is there. It is a sign that the federal government should accept its responsibility. So long as these conditions exist we cannot be complacent; we cannot be satisfied and we cannot be proud of the achievements of the minister's department.

I am willing to pay tribute to what he has done in some fields. In view of the fact the cost of living is so high, with the resulting hardship on old age pensioners, I say that here is a place where humanity demands that the Canadian people should take care of their senior citizens. Some years ago when I came to this house I protested against conditions amongst the native people of this country, our Indians, particularly in the matter of health and welfare. I want to commend this department for the job it is doing in taking over the matter of health amongst the Indians. The result has been, as departmental records show, that with the new treatment for tuberculosis remarkable steps have been taken. It is only because we constantly bring these matters to the attention of the people of Canada so they know what is going on that we get action. I want to tell the minister that we are going to continue to pound at this government for action on the matter of old age pensions. Until we can get some action, we will continue to talk on every possible occasion.

Mr. Diefenbaker: I have just one or two words which I want to say to the minister with regard to the level of old age pensions today. No one can deny that the level is such that many of our old age pensioners find themselves in an impossible position. The reason for it, of course, is simply this. While Canada has in circulation more and more dollars, those dollars buy less and less. Indeed, having regard to the remarks yesterday by the chairman of the Bank of Canada, we are facing inflation in this country. More and more the level of prices is rising as inflationary influences are felt. I regret that today little or nothing has been done by the government but to continue their course.

I believe we have arrived at a plateau and that prices will continue to rise rather than return to the levels of 1949, the basic year now taken as a standard by the bureau of statistics. The old age pensioners, because of that fact, find themselves in difficulties and in an intolerable position. My hon. friend mentioned that the entire responsibility is that of the federal government. I do not belong to that school. I believe that the provinces have a responsibility, without in any way relieving the federal government of

a primary responsibility which it has accepted to assure that old age pensioners shall not be made to suffer unnecessarily. The fact remains that there is also the responsibility of provincial governments.

I am not going to enter into a controversy that has been carried on between the hon. member for Swift Current-Maple Creek and the hon. member for Yorkton, but it is a fact that in Saskatchewan the numbers receiving the maximum amount of the provincial government additional assistance to old age pensions is less than 30 pensioners.

Mr. Nicholson: How does the percentage compare with Ontario?

Mr. Diefenbaker: My hon. friend can deal with that. I have heard my hon. friend for so many years preaching this humanitarianism here. We are all in favour of that. When one commences to discuss the situation in the province of which I know something, he immediately goes to some other province because he believes that in doing so he can take the heat off.

Mr. Nicholson: But you are running down your own province.

Mr. Diefenbaker: I am not running down, I am giving facts. There is no question of running down. I simply say that from 1944 on we have heard that old, old story that social security can be provided for everyone without cost to anyone.

Mr. Nicholson: No, no.

Mr. Ellis: That is a figment of a Tory imagination.

Mr. Diefenbaker: Apparently that is a sore point with my hon. friend. It is nonetheless a fact, that in Saskatchewan we were told about the wonderful Utopia that would be established; that social security would be available for all out of the profits that were going to be made by the corporations that would be publicly operated by the government. I am simply pointing out that in the light of our experience social security can only be provided if the people are prepared to pay for it. I am in no way excusing the dominion government for the present level of old age pensions when I say this, that in the province of Saskatchewan, where my hon. friends who now interrupt me are in power, there is nothing to prevent them from raising by an additional amount standards in so far as old age pensioners are concerned.

Mr. Nicholson: What do they do in Tory Ontario?

Mr. Diefenbaker: My hon. friend may have his say afterwards. I am simply pointing out the facts.

Mr. Ellis: What about Tory Ontario?

Mr. Diefenbaker: I am dealing with Saskatchewan, since it has been raised as the standard of standards, and I simply say this. As for these humanitarian claims—and all of us have them; they are not a monopoly of my friends to the left—there is a simple way whereby they may achieve an additional amount for the old age pensioners and that is within the province of Saskatchewan where their own government is in power. I say that at the same time as I note that the situation of the old age pensioners is such that all of us must realize that many of our old age pensioners are in need and find themselves in dire circumstances.

What I rose to speak about particularly was the administration of the Disabled Persons Act.

Mr. Martin: Would my hon. friend not agree to wait until we come to the item? I would appreciate it if he would.

Mr. Diefenbaker: As a matter of fact, I do not expect to be here.

Mr. Martin: The difficulty is, I do not have an opportunity to reply directly.

Mr. Nicholson: Hit and run is the term.

Mr. Martin: I think the hon. member for Prince Albert is being fair.

Mr. Diefenbaker: I want the opportunity of doing this and I may not be present when the item comes up. As I understand it, this is a general discussion.

Mr. Martin: My hon. friend will not mind my intervening. I am saying this by way of suggestion to the Chair as well. We are now dealing with particular items. If we were having a general debate it would be proper on the first item, but the hon. member for Yorkton spoke a moment ago and I should like to deal with what he said, and I should like to deal with disability allowances, but I cannot do it on the general item. I should like my hon. friend to accommodate me; I am sure he will do his best.

Mr. Diefenbaker: I am going to be so brief and so succinct that I am sure my hon. friend will have no objection to my taking a few moments on the general item instead of discussing it piecemeal here and there. I am referring to the Disabled Persons Act, passed by this house in 1954. This act provides for dominion and provincial contributions; it provides for the payment of an allowance to those who are totally and permanently disabled as prescribed by the regulations. In my experience, this act is being altogether too rigidly administered. The joker in the act is the section that provides

that the definition of total and permanent disablement shall be that definition determined by regulations.

The situation today, in whatever cases have come to my attention, indicates that the basis of interpretation excludes many persons who should be qualified and who should receive the allowance. I am not going into particular cases, but I am going to say this. The regulations were apparently designed to deny many persons who should be entitled. I have a recent example in mind, and I am not going to refer to the man's name because the minister has it. It is the case of a young man willing and able to work who is afflicted with a disease.

Mr. Martin: That is the boy who cannot walk?

Mr. Diefenbaker: Yes.

Mr. Martin: I have that case.

Mr. Diefenbaker: He has always been willing to work, but he is stricken with a disease that has made him permanently the occupant of a wheel chair. He is a married man with one child. He does not ask for charitable assistance. I heard of his case and the difficult position in which he finds himself. I took it up with the authorities. The man has tried to train himself through the instrumentality of courses that are available to those who are totally incapacitated. Since he is a married man with one child he finds it difficult to take the type of training that is only available some 150 miles from the place where he lives.

The man's wife has endeavoured to work. From time to time she has been incapacitated, or at least ill, and unable to carry on. The definition of total and permanent disablement has denied him this allowance. This is one case of many. I feel that at the next session this question should be submitted to a committee in order to determine a fair and proper definition of total and permanent disablement. Parliament never intended that the definition should exclude many who should be entitled on the basis of the ordinary meaning of the words and expression "total and permanent disablement". I also feel that this is a matter that deserves the attention of a committee of this house for the reason that while in part the contribution is provincial and the definition of total and permanent disablement has been arrived at as a result of conferences with the provinces, there can be no justification for the rigid and utterly inexcusably restrictive nature of the interpretation of this term as now exists. In saying that, I realize that the provinces have an equal responsibility to make sure that the definition will guard against the possibility of claims being favourably accepted from those who should not be entitled but at the same time will be so interpreted that worthy cases will receive a fair opportunity to receive the allowance which is admirable in its purpose and deserving in its concept.

I have nothing more to say at this time regarding this matter, but I ask the minister to give consideration to having a definition arrived at in keeping with the ideas of this house when it passed the legislation. This is one of the great dangers of regulations. Parliament passes the law, regulations define it and, in many cases, the actual ambit of the law, and in that definition departs from the concepts that were in the minds of legislators when they gave support to the legislation in question.

Mr. Martin: May I say to the hon. gentleman, Mr. Chairman, that I will reply to him. He deserves a reply, but this is not the appropriate time. I would be completely out of order in doing so. I am rising at this time to suggest to the chairman, with much respect, that when we are dealing with particular items, he should see it desirable to indicate that it is out of order on the general item to do so, and that we should have an orderly debate where we can put questions and give answers on the particular items. In doing it in this way we are going all over the map and we are not having a meeting of minds.

I had to ask the hon. member for Meadow Lake last night, an hon. member from our own side, not to go ahead with some questions that he wanted to put to me critically, I know, in respect of the family allowances situation. I asked the hon. member for New Westminster last night and he acceded. I asked the hon. member for Yorkton a moment ago and he did not see fit to do so. That is his own affair. The hon. member for Prince Albert said he had to leave and that is why he was making his remarks now. I submit to you, Mr. Chairman, that that is the desirable way to proceed and one in which I am sure no one will lose the opportunity of expressing himself, or expressing his view, but at the same time we shall have an opportunity to put the other side of the case. I rise at this time, Mr. Chairman, only to suggest that this course be followed.

Mr. Hahn: Mr. Chairman, earlier today I had occasion to refer to the Minister of National Health and Welfare as the minister of wealth. I am pleased to hear at this time that he is again pointing out the desirability of taking some of these matters on a particular item. However, Mr. Chairman,

in speaking to that for a moment before carrying on with my discourse, I am sure the minister realizes as do many hon. members in this house that we are not always free to be in the chamber at the particular moment when specific items are called. Many of us belong to various committees, some of which are sitting, and it is difficult for us to be here at the appropriate time because we have other commitments and it is unfortunate that we cannot be here when a particular item is called. Because we have certain other engagements which sometimes take us from this chamber while the house is in session the only time we can raise particular questions is at the opportune moment and I would say that possibly the purpose of having the first item as an administrative one is in order that we can deal with specific problems under it.

Mr. Martin: No, no.

The Chairman: Order; may I just interrupt there. The hon. member has mentioned duties on committees and elsewhere which might prevent him from making a speech on the particular item under which it would be relevant. Of course, the Chair could not recognize any such argument. If we have a rule of relevancy it must be strictly adhered to and speeches should be made at the proper time.

I have no intention of curtailing in any way the general discussion which takes place on the first item of the estimates but I must agree with the remarks which the minister made a few moments ago and say that in my opinion we can proceed with our work in a much more orderly manner if we confine our speeches on the first item to a general discussion.

Hon. members will realize that the minister in charge of a department has his officials appear when the particular items are before us. It would be much preferable and would enable us to do our work in a much more orderly manner if the particular matters raised were dealt with when the relevant item is called. Therefore, without attempting to limit the general discussion in any way, I do suggest it should be a general discussion.

Mr. Hahn: Thank you, Mr. Chairman. In that case I shall continue. As I said earlier, I referred to the minister as the minister of wealth. I am sure everyone here recognizes that he has a wealth of words, a wealth of diplomacy and a tremendous ability to evade. Today he has also demonstrated, to me at least, a wealth of wisdom in the case where I asked him to implement a certain restriction in respect to the importation of oranges with colour added to them.

In respect to this matter I might say it is not a case of constituents always bringing problems to one's attention, but in the matter of health I think it is our duty from time to time to try to find where possible any instances wherein we can safeguard the health of our constituents and the people of Canada as a whole.

I drafted a particular question having to do with colour which is added to oranges that come from Florida and brought it to the minister's attention. He was kind enough to have the question examined into and after further discussion with him on this particular matter I was finally put in receipt of a newspaper article which appeared in the Vancouver *Sun* and with which I think every hon. member in this house should be somewhat familiar.

Mr. Martin: Would my hon. friend feel he could discuss that on the appropriate item, the food and drug item? We can deal with it at that time. It is a most important subject and I cannot deal with it now. Perhaps we could deal with it when we come to item 255 which is where it belongs.

Mr. Hahn: I will accede to the minister's request, Mr. Chairman.

Mr. Martin: Thank you very much.

Mr. Hahn: I will do so because I am opening up a new subject and I realize it has not been discussed here earlier. However, in doing that I am satisfied that when I deal with the next item I have on my list in a general fashion the minister will agree that I am quite in order because of the extensive way in which discussion has taken place up to this moment. I wish to speak in a general way of the health of pensioners, not specifically old age pensioners but blind pensioners as well.

Mr. Martin: Could we deal with that when we come to the specific item?

Mr. Hahn: I am satisfied, Mr. Chairman, that what the minister says is quite true. There is not an item in this book with which we could not deal—

Mr. Martin: I am referring to item 279.

Mr. Hahn: —but I am dealing in a general fashion with this particular subject. I am not making my speech on the subject of blind pensioners. I am simply asking at this time that the minister keep in mind the fact that we have blind people in this country who require special assistance.

The hon. member for Okanagan-Revelstoke in sepaking for this group also drew this

matter to the minister's attention. In my capacity as a member of parliament I have received—and I think this might interest the minister—more representations from groups including fraternal societies and so on concerning special assistance for the blind than I have received in respect to any other piece of legislation that is before this house, and that includes further assistance to old age pensioners or senior citizens as the case might be. Concerning pensions, those who are in the low income group, and I am thinking particularly of pensioners such as C.P.R. pensioners, have sent me a great deal of correspondence on this matter.

Possibly in speaking concerning pension legislation the minister would care to outline how the new act we passed this year with respect to insurance for unemployed employables might apply to this group of citizens in order to save my asking questions on it.

Mr. Martin: When we come to that particular item I will be very glad to do so. These are all specific questions.

Mr. Hahn: Then we have the old age pensioners themselves. I know the minister will say we have an item for that particular question and I agree that we do have one, but he will realize as I do that every group in this house except this one has indicated something concerning their stand on the question of old age pensions.

Mr. Martin: The hon. member for Okanagan-Revelstoke did so extremely well.

Mr. Hahn: I would be very happy to accede to the minister's request but I am satisfied he would agree upon an examination of the speech of the hon. member for Okanagan-Revelstoke that the hon. member did not deal with it in specific terms, as some of our friends to the right may have done.

I have just one or two observations to make in respect to this matter. A great deal has been said about humanitarianism and the attitude of the various provinces concerning it. I believe there is no disagreement among hon. members of this house concerning the fact that the provinces do owe something to our senior citizens. Whether we are members of the C.C.F., the Social Credit group or the Liberal party, I think we all agree something more should be done for the senior citizens. However, our points of view differ in some respects from those of the minister, and those who support him, who have suggested it is impossible and impracticable to do it at this time. Yesterday an hon. member suggested that we would have to do away with our defence spending, but such is not the case as far as I am concerned. There are other means which could be devised. We find our Conservative friends are highly in favour of this but they feel that the provinces owe more in this regard. I am satisfied that those who took part in or listened to the debate on the provincial-federal tax agreements which took place a few days ago must realize that the provinces are not in a position to do much more than they are doing at the present time. The federal government seemed to realize that when they suggested equalization payments.

I come now to the charge made, I believe by the hon. member for Yorkton, with regard to supplementary allowances as paid by the various provinces. I think everyone recognizes the virtue of the C.C.F. government as far as the people of Saskatchewan are concerned. Those people had the opportunity to elect a better government but decided against it and to carry on with the type of humanitarianism under which they suffer in that province.

Mr. McCullough (Moose Mountain): You put in all your big shots and you were not very successful.

Mr. Hahn: I am always amazed at the comments we hear from our hon. friends when we try to draw a parallel between what they are doing and what other provinces are doing.

Mr. Ellis: Keep the record straight.

Mr. Hahn: I am going to keep the record straight. If my hon. friend hears anything to which he wants to take exception he can do so.

Mr. Martin: Would my hon. friends agree to have this dispute when we come to the particular item?

Mr. Hahn: If the hon. member will allow me to finish.

Mr. Martin: Mr. Chairman, I would ask you to ask hon. members, unless they are going to deal with matters generally, which they are at liberty to do, they should in fairness to all of us deal with the specific items. There will be various opportunities offered and I would ask you to see that the discussion is general. I am sure that hon. members will be glad to follow your directions.

Mr. Hahn: I shall be only too glad to accede.

The Chairman: Hon. members will realize that there is difficulty in deciding what is a general discussion. I recall that the hon. member for Yorkton and other hon. members discussed the very question which the hon. member for New Westminster is now discussing. I do not feel I would be dealing fairly with the hon. member for New Westminster if

I attempted to limit him in discussing matters which have been discussed previously by other hon. members.

Mr. Hahn: Thank you, Mr. Chairman; you have stated exactly my reason for being on my feet at this time. I would be only too happy to agree with my C.C.F. friends that Tory Ontario is giving nothing in the way of supplementary allowances, and neither are Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland and Manitoba. On April 1, 1955 the province of Saskatchewan increased the maximum supplementary allowance from $2.50 to $20 per month payable to those who are eligible. That would be the maximum amount payable to a married couple where only one was receiving an old age pension. I do not think my hon. friends will take exception to that statement.

That means in effect that a married man and his wife who are both in receipt of old age pensions and can prove under a means test that they are in need will receive a combined payment of $20 from the province of Saskatchewan. I do not say that to belittle the efforts being made by Saskatchewan. Possibly that province is doing all it feels it can do.

Mr. Ellis: It was the first province to give supplementary allowances of any kind.

Mr. Hahn: I notice the increase is phenomenal, from $2.50 to $20 for a family of two. I am satisfied the people of Saskatchewan like that attitude or they would not have re-elected the government they have at the present time. At the present time British Columbia pays a supplementary allowance of $20 per month to each individual who is in receipt of old age pension and who can prove need. It was pointed out earlier by an hon. member that there were 22 per cent or so of the citizens in Saskatchewan who receive this supplementary maximum allowance of $20 per month. I am not sure of the exact number in British Columbia but I am satisfied that the figure would be something like 75 per cent of the total number of recipients of old age pensions.

Mr. Philpott: You are a little too high.

Mr. Hahn: What is it?

Mr. Philpott: Substantially less than that.

Mr. Nicholson: There is a means test.

Mr. Hahn: I said all those in receipt of old age pensions who could prove need. Then there would be those who would get less than the maximum.

Mr. Castleden: The per capita income of that province is higher.

Mr. Hahn: The point I wish to make is that both the husband and wife are eligible for further assistance. In other words, the maximum is $40 per month as compared with $20 in Saskatchewan and $15 per month each in Alberta or a maximum of $30 for a family of two. I have a table here which indicates the maximum amounts payable in each province. The figures are as follows:

	Alberta	British Columbia	Saskatchewan
Old Age Security			
Single	$ 900	$ 780	$ 600
Married (both receiving old age security)	1,440	1,440	1,080
Married (one receiving old age security)	1,380	1,260	720
Blind Persons Allowance			
Single	960	900	600
Married (both receiving blind persons allowance)	1,560	1,560	1,080
Married (one receiving blind persons allowance)	1,440	1,380	720
Old Age Assistance			
Single	780	780	nil
Married (both receiving old age assistance)	1,320	1,320	nil
Married (one receiving old age assistance)	1,320	1,140	nil

Now, Mr. Chairman, I think that in view of that—

Mr. McCullough (Moose Mountain): I wonder whether the hon. member would permit a question.

Mr. Blackmore: Why not let him give his talk? You do not expect him to be an encyclopedia, do you?

Mr. McCullough (Moose Mountain): I do not think the hon. member should get excited. I just wanted to ask the member a question, possibly to prevent me from making a speech. I wonder whether the hon. member would complete the picture and put on record the comparable services in Alberta and Saskatchewan in connection with nursing services, optical services, physiotherapy, chiropody, and everything else in connection with the two forms of assistance given.

Mr. Blackmore: In other words, be an encyclopedia.

Mr. Hahn: I am very appreciative of what the hon. member has asked me. With the wisdom of the Minister of National Health and Welfare, and taking a leaflet from his booklet, I will say that I shall take the question as notice, for I do not carry such information with me, and I shall give it further consideration at a later date.

Mr. Ellis: Why not get a well-balanced picture?

Mr. Blackmore: Why not give your own speech?

Mr. Goode: On a point of order. We all like to enjoy the sweepstakes in regard to old age pensions, but I suggest that when a member of this house wishes to ask a question he should address the Chair and not have a personal conversation with someone else in the house.

Mr. Hahn: Mr. Chairman, I had intended to touch on another project as well, but I see that it is nearly 12.30 and I have practically come to my full allotted time, so that I shall give way to the next speaker.

Mr. Martin: I had not intended to deal with this question of old age security at this time, but in view of the fact that—

Mr. Gillis: The minister had better not, or he will start another round of speeches. I wanted to say something myself.

Mr. Martin: In fairness to those of us who sit on this side of the house, I should say that it is not fair that there should be statements made about old age security and government policy without the government's point of view being put forward so that people can really see what the situation is. I am perfectly aware, as my hon. friend from Cape Breton South has pointed out, that that is the situation, but I asked hon. members if they would not accede to the suggestion of the Chair that we might on these specific items deal with them when they were reached. The hon. member for New Westminster did not see fit to accede to that request. That is his privilege, although I submit with much confidence that he was clearly out of order.

Mr. Hahn: On a point of order. I would ask the minister to indicate whether the members who preceded me and talked about old age pensions were not justified.

Mr. Martin: I think they were justified in talking about them, but what I am saying is that this is on the general item. The hon. member for Winnipeg North Centre was perfectly in order, as he dealt with it in a general way in terms of principle along with the whole work of the department, but the member who has just spoken—and he is a man for whom I have great personal esteem —did not deal with it in a general way. He dealt with particular items, as did the hon. member for Prince Albert, who is now out of the house and will not be listening to what I am saying. Those who sit on the Speaker's right and who have propounded these policies should have a chance to answer. I have decided that the fairest thing is for me to answer this right now, and I propose to put forward the government's position in the matter of old age security.

Mr. Knowles: I do not blame the minister for what he is about to do, but would the minister care to ascertain whether any other members propose to speak on the first item. If perchance there are none, we can get on with it. If others intend to speak, the minister is perfectly right in seeking to go ahead.

Mr. Martin: I would agree not to make my statement if it is agreed that we can pass the general item and deal with these matters specifically. I know how hon. members on the government side feel; they feel that I should be answering these things. I think we have something to answer and I think it is my duty to do so, but I am willing to wait until the appropriate item if the house will accede to that.

Mr. Winch: I wish to speak on the first item, not on anything that has come before but only under the general item.

Mr. Martin: Is it a general subject? If it is a specific subject it means—

Mr. Winch: It will not take more than four minutes.

Mr. Martin: That is what the hon. member for Prince Albert said. He took 15 minutes.

Mr. Winch: Give me four minutes and I shall be through. I postponed what I intended to say because I found no place under which I could say it except under the general item. That is the matter of the natural health resources of Canada.

Mr. Martin: That can be discussed when we come to the research grants, item 264. I shall bear that in mind when we come to that item as we did last year.

Mr. Blackmore: On a point of order. I have been sitting in this house now for 20 years and I know a little about these things. The minister is now attempting to establish a principle which is unsound. Ever since I have been here, it has been customary as a principle for a member to discuss any aspect of the whole estimates under the general item. If I might just kindly suggest it to the minister, we have just seen the Minister of National Defence go through just the kind of grilling that he is going through, and the Minister of National Defence answered every question that was asked under the general item.

Mr. Martin: May I point out in fairness that the only—

Mr. Blackmore: Will you let me finish what I have to say?

Mr. Martin: The Minister of National Defence has only four items. We have nearly 40. There is no comparison. I know my hon. friend is a fair-minded member and he would agree with me—

Mr. Blackmore: Yes, your hon. friend wants to be fair-minded to both sides. I remember when we were practically squeezed right out of discussion by a rigid application of the relevancy rule in respect of the individual items as we came to them. That is the reason why the members began carrying on full discussion under the general item. That is the whole situation. May I tell the Minister of National Health and Welfare that if he will permit this discussion to go along without any interruptions and answer where he has the experts to do so and, where he has not the experts, say, "I shall answer this at such and such a time," I shall promise him that the same thing will happen as has happened already with the Minister of National Defence. The members said all they wanted to say. They asked all the questions they wished. When they will have done that and the first item goes through, the other items will go through like straw through a threshing machine. It has happened time and time again. If he will not be so particular about keeping people in order, he will get his estimates through just as fast, perhaps faster, and we shall all feel happy about it. I wish to commend the chairman for the ruling he has made up to the present time. I do not wish him to move from that. I must support him in that position when he resists the minister's desire to restrict the discussion on the general item.

The Chairman: Order. I do not think there is any attempt here to establish any new principle or to restrict discussion in any way. The difficulty is merely one of the Chair being able to interpret to the satisfaction of the committee what is general discussion and what is particular discussion. I notice that when the hon. member for New Westminster started to speak on one subject the minister pointed out that it could more appropriately be discussed under a particular item, and the member immediately acceded to that request. I think that if the committee proceeds on that basis we will not be establishing any new principle but that the chair will be assisted very materially in making what are at times very difficult decisions as to interpretation.

Mr. Nicholson: The general discussion has gone on for quite some time and I think the government is partly to blame. I believe it was understood yesterday that one speaker from each party would speak and then we would get on with the items, but the hon. member for Moose Jaw-Lake Centre spoke for the government and raised some very controversial questions and since that time I think it is only natural that members of all parties felt that they wanted to make some comment. I had no intention of speaking on the general item yesterday until the hon. member for Moose Jaw-Lake Centre made his provocative speech.

Mr. Winch: I would have been all through with what I had to say by now but the minister said I should make my remarks on item 264. I have looked at item 264 and the details as found on page 368. Where in those details is there any item on which I can discuss it? I can only see one and that is on a grant.

Mr. Nicholson: Go ahead.

Mr. Martin: That is the place where I would have the authority—

Mr. Winch: You could have had the entire speech over by now if you had not been so damn sticky.

Mr. Martin: That is the item where I would have the authority to do what my hon. friend has in mind.

Mr. Winch: Where, under item 264?

Mr. Martin: Yes, the general health grants.

Mr. Winch: But this is strictly something of a federal nature.

Mr. Martin: I know, but the only authority we would have to provide for that particular form of research would be under that item. When we come to it my hon. friend will see what I mean.

Item agreed to.

National health branch—

245. National health branch — administration, $155,250.

Mr. Knowles: Mr. Chairman, may I ask the minister a question which perhaps it might have been better to ask under the item we were just discussing but I was prepared to wait until we reached the detailed items. I wonder whether the minister's attention has been drawn to the fact that companies selling batteries for hearing aids have recently increased the prices of those batteries rather substantially. If not, I am drawing it to his attention, and in view of his interest in the health of people I wonder whether he will look into the matter and see if there are any appropriate suggestions that can be made so that people who have to use hearing aids and have to replenish the batteries will not be put to unnecessary expenditure.

Mr. Martin: We are already looking into that.

Mr. Nicholson: I have a question about the world health organization which perhaps I might ask at this point. In returns prepared by the Department of Trade and Commerce in connection with the Colombo plan administration I notice that there are 44 Canadians employed by the world health organization in different parts of the world. I think it is unfortunate that the people of Canada do not get better information regarding the splendid contribution which is being made by these 44 Canadians. I have had some conversations with the minister. When I ask external affairs about their publicity they say that the Minister of National Health and Welfare knows everything about that and that the minister has a great deal of information.

But when you telephone the information section of his department and ask what information is being supplied regarding Canadians who are working for the organization, where they are working and what they are doing, you get very inadequate information. Could the minister make some statement about the possibilities of giving the Canadian people better information regarding the general problems of health throughout the world, the progress that is being made towards meeting them and the contribution that these 44 Canadians are making in different parts of the world?

Mr. Martin: The world health organization, as my hon. friend knows, came into being in 1946 at the United Nations as the result of a proposal made by Canada and China. I mention that to indicate the interest of this country in the world health organization. Canada has been a member of the executive council of the world health organization for two years, and we are the only country in its history to have been assigned a second term, which is an indication of the interest we have taken in this organization.

My hon. friend asks quite properly that information about its work should be distributed more widely throughout the country. Since he discussed this matter with me a few days ago, I have looked into what we have done and have arranged to send him some of the material we have been distributing. It may be that as a result of the suggestion he makes, I know quite sincerely, we may be able to do more because the world health organization does very important work not only for materially underdeveloped countries but for all countries.

Item agreed to.

252. Occupational health, $332,373.

Mr. Knowles: Under item 252 there is a question I should like to ask the minister. He will recall that a few weeks ago I asked him a question on orders of the day concerning news reports having to do with radioactivity. The particular reference in the news reports was as to whether or not persons in various occupations or persons being exposed to X-rays in trying on their new shoes and so on are getting too much radioactivity. As I recall, he indicated at the time that the matter was being looked into. Has he any further information on this point?

[Mr. Martin.]

Mr. Martin: I am grateful to the hon. gentleman for asking this question because I had wanted at some time to make a statement on this subject. I would think it is possibly one of the most important matters facing the world and certainly facing Canada at this time. The minister of health in the United Kingdom recently made a comprehensive statement in the House of Commons. I understand that my opposite number in the United States is about to do so and I know that the same will be done again in the United Kingdom. In view of this, and particularly in view of my own participation recently in certain phases of disarmament activities, I feel that I should make a statement, and that I now propose to do.

On April 4, 1955, I tabled replies in answer to a series of questions by the hon. member for York-Scarborough which outlined in some detail the work being carried out by the Department of National Health and Welfare and other federal agencies in studying the health effects of ionizing radiation and in supervising the safe use of radioactive materials in industry, medicine and research. In describing the potential health hazards of radiation, reference was made not only to the deleterious effects on exposed individuals, but to the possible genetic damage that might be done by ionizing radiation arising from test explosions of atomic and nuclear weapons and from other sources of radioactivity. Anyone who has seen the statement made by Dr. Lapp, the eminent American scientist, will recognize that perhaps no subject that has been discussed in this house is as important as the one now involved in this statement.

Two important scientific reports have recently stimulated increased public interest in this matter. I refer to the report of the national academy of sciences in the United States and the report of Great Britain's medical research council which was recently presented to the United Kingdom parliament at the request of Prime Minister Eden. These two reports have confirmed the views expressed to me by the late Dr. A. J. Cipriani early in 1955 which largely formed the basis on which we have developed our own departmental program in this field. Dr. Cipriani

died after having served only a few months on the United Nation's special scientific committee, and Canada and the world owe to this late distinguished and eminent scientist a debt of gratitude which I am sure history will recognize.

I want to make it perfectly clear, speaking on behalf of the government, that if, as a minister of health, the expert technical advice available to me indicated that there were serious health hazards to the human race in the continuance of test explosions at the present rate I would consider it my duty to recommend urgent negotiations directed towards their total abandonment and thorough re-assessment of the international political consequences of such action.

Now, I must say at once that this is a complex problem, and one about which much remains to be learned in so far as the health effects of radiation are concerned. However, there is already a body of scientific opinion of very great value available to us. It is on the basis of this evidence, admittedly imperfect and at times contradictory, that we must base our decisions in this matter. The urgency for filling the gaps in our existing knowledge in this field was recognized last November at the United Nations when approval was given to a proposal put forward by the United States for the establishment of a scientific committee on the effects of atomic radiation, to collect and collate all available data in this field.

Now, this committee has made a valuable contribution. The place of Dr. Cipriani has been taken by Dr. E. A. Watkinson, who is responsible for our department's very considerable program of research in this field. On this committee will depend much of the scientific assessment in this very important field for the future.

In examining the health effects of radiation, two points must be borne in mind. First, the effects of radiation are almost invariably harmful. This characteristic is utilized to advantage in the treatment of malignant tumours by radiotherapy. Second, radiation is not a new phenomenon. Human populations have always been exposed to ionizing radiation from natural sources including cosmic rays from outer space and radiations emitted by compounds of certain heavy elements such as uranium and radium. It is therefore the degree and not the nature of the hazard that is new.

Now, in the past 60 years since the discovery of radium and X-rays, some individuals have been exposed to greater amounts of radiation than naturally occur in the everyday environment. As new applications of atomic energy to industrial, medical and research uses are discovered and developed, more and more people will be exposed to increased levels of radiation. This is altogether apart from test explosions or the possibility of nuclear warfare. The potential risks of deleterious effects to health must be weighed against the unquestioned benefits to be gained from the use of ionizing radiation in various forms and the exploitation of nuclear energy for constructive and peaceful purposes.

Now, before dealing with the health effects of test explosions, I should like to touch briefly on the hazards associated with these other uses of radioactive materials and to describe some of the steps taken by the Department of National Health and Welfare to ensure that high standards of protection against radiation injury are observed. In doing this I am answering a request made the other day by the Canadian Medical Association for a statement by the government on this subject.

As long ago as 1950, the department established a radiation service for the express purpose of providing health supervision over the use of artificially produced isotopes in industry, research and medicine. Among other things, this service includes advice to prospective users of radioactive isotopes on recommended methods of planning laboratories; periodic inspections of such establishments to ensure continued safe handling practices; the maintenance of a film monitoring service for measuring both gamma rays and X-rays, thus assisting in the protection of persons who may be exposed to these rays in the course of their work; guidance in regard to the safe storage of radioactive materials, as well as the safe disposal of radioactive waste. As a major contribution to protection efforts, we have also assisted in the preparation of a summary of the recommendations of the international commission on radiological protection for wide distribution to radiation workers throughout Canada.

As part of its advisory service, the department has also drawn attention to the health hazards associated with the use of shoe-fitting fluoroscopes. In this particular, I am answering directly one of the questions asked by the hon. member for Winnipeg North Centre. In an effort to ensure protection for the customer as well as the members of the sales staff, detailed recommendations on the operation of these devices have been prepared and are being widely distributed. While it is acknowledged that this is not a major source of radiation, these machines contribute unnecessarily to the total radiation background. In this connection, the international

commission on radiological protection has recommended that their use should be limited to strictly medical procedures under the supervision of qualified persons. This is a matter which the federal government has no constitutional authority to act upon and is one that has been brought to the attention of the provincial governments concerned for enforcement purposes.

Then, services for the monitoring of dental and hospital X-ray installations have also been made available through our radiation service for several years. A pamphlet was prepared on the subject of protection in diagnostic X-ray departments in response to an increasing interest in this subject from radiologists and X-ray technicians. In addition, the department provides advice in regard to the health supervision of cobalt 60 beam therapy units, which of course is a very important instrument in the treatment of cancer, and other similar sealed sources of radiation for the treatment of cancer and allied conditions. This may be taken then as an indication that Canadian physicians have been aware for some time of the potential hazards related to medical uses of X-rays and are developing methods to ensure the maximum safety against possible deleterious effects associated with the use of this very valuable diagnostic and therapeutic agent.

Recognizing, therefore, the public health implications of exposure to increasing levels of radiation resulting from the wider development of peaceful applications of nuclear energy the department, over a year ago, convened a meeting of experts to assist in planning studies and investigations which would enlarge our knowledge of this exceedingly complex field. As a result of the recommendations of this advisory committee, a special laboratory was established to determine levels of radioactive strontium 90 in certain food products and other biological materials. Our findings from these investigations will serve to establish a base line for the future. In addition to laboratory investigations, we are also developing studies related to the incidence of radiation-induced diseases and the possible genetic effects.

With regard to the latter, the genetic effects, the department is now engaged in investigating three distinct lines of research. The first is the assessment of trends in the genetic components of the public health. That is to say, a study of vital statistics records to determine whether there has been any increase in the incidence of certain conditions that might be induced by exposure to radiation. The second is a study of the incidence of congenital defects among offspring of heavily irradiated individuals. The third is the measurement of spontaneous mutation rates for particular human genes. All we have to do is observe what happened to those Japanese fishermen to realize that there is, perhaps, no study as important to the human race as this one.

So far, we have been giving most attention to the first of these, which may give information on long-term genetic effects of ionizing radiation. Our country, with its well developed and highly mechanized and centralized system of vital records and statistics, is particularly well equipped to consider this approach. Should this prove practicable, it may lead to the extension of present health record and reporting systems to include a recognition of the genetic aspects essential to the assessment of this potential hazard.

It will be seen, therefore, that vigorous measures are being taken by the department to supervise, from a health standpoint, the use of all radioactive materials and to further research into the potential future hazards. The results of our Canadian research are being made available to the special United Nations committee to which I have already referred.

I come now to the question of the bomb tests and their implications for the health of this and future generations. As we see this problem, the chief hazards for world populations are of two distinct kinds: (a) those associated with the ingestion of radioactive material, principally radioactive strontium 90; (b) those associated with effects on reproductive tissues and having a possible genetic effect on future generations.

When a nuclear bomb explodes radioactive fission products are produced. Close to the site of the explosion, the radiation given off from the bomb and the resulting fission products can cause serious radiation injury and even death. For this reason, testing sites for these explosions have been chosen in remote areas. Some of the fission products are carried high into the atmosphere and eventually fall on all parts of the world. The potential hazard for humans associated with that portion of the fission products carried up into the higher atmosphere results from the fall-out of these products onto the surface of the earth.

Some of us may conceive the hazard of radioactive fall-out as an immediate danger to human health and well-being. This, however, is not the case and, for a proper understanding, it should be appreciated that the important radioactive element, strontium 90, slowly settles to the earth over many years and becomes incorporated into soil and subsequently absorbed into certain plants.

Since strontium is deposited chiefly in the bone, where a sufficiently high concentration could cause tumours or other serious effects, the consumption of food with a high content of radioactive strontium could constitute a major health hazard. I now quote from the British report:

> Such measurements as have been made of strontium 90 in human bone suggests that the highest levels are at present about a thousand times less than is considered permissible for those occupationally exposed.

Work which has been done to date in our country indicates that Canadian levels are substantially the same as those in the United Kingdom and in the United States. Nevertheless, it should be pointed out that the best scientific opinion suggests that for the population at large the concentration of radioactive strontium should not exceed one-tenth of that permitted to the small number of persons employed in radioactive industries.

With regard to the genetic effects, it is accepted that exposure of the reproductive tissues to ionizing radiation may result in mutations which are mainly deleterious in effect when transmitted to succeeding generations. However, according to the best scientific evidence available to this government and to the governments of the United Kingdom and of the United States, and from recent discussions that I had in New York with France, the testing which has occurred to date will have no significant effect on the genetic quality of the population as a whole. Therefore, the principal cause for concern at this time is not, as some have feared, the possibility of genetic damage that would adversely affect future generations, but what are called the somatic or the direct effects from radioactive strontium 90. It should be clear from what I have said that the present levels of strontium 90 are well within acceptable limits for the general population.

May I just briefly summarize what I have been saying before I take my seat? Three propositions have been arrived at after a most careful study of the British and the United States reports, and data available from other countries as well as from the findings of our own research. I may say the statement which I have given to the committee today represents the compilation and efforts not only of officials of my own department but of some of the most eminent medical scientists, chemists and physicists in our own country and some with whom we have collaborated elsewhere, so that I am giving a statement that has behind it the authority of the best skills available in this field. My summary, therefore, is, there have been no significant harmful effects on the world population as a whole from all the nuclear weapon tests that have occurred to date. If testing continues at the present rate the genetic effects on the world population will be negligible. However, the strontium 90 levels will increase and may ultimately reach a point beyond which harmful effects could result. I therefore suggest to the committee that this is evidence of the interest and concern which we share with other countries, in this important matter, one which is receiving our continuing study.

Mr. Knowles: I am grateful to the minister, and I am sure the entire committee is, for the statement that he has made in answer to my question. Indeed, he has answered not only the question that I put to him this morning but other questions that have been asked in the house from time to time with regard to radioactive fall-out. It is good to know that the governments of countries like the United Kingdom, the United States and Canada are giving serious thought and serious study to these problems, and there will be a measure of reassurance in the kind of statement the minister has given here which, I understand, is a counterpart to a statement being made shortly, or that has been made, by the governments of the United Kingdom and of the United States. Nevertheless, Mr. Chairman—

Mr. Blackmore: Are we going to talk all through noon? It is one o'clock now. Why not go on after 2.30?

Mr. Knowles: I am in the hands of the Chair or the committee, Mr. Chairman. I could finish my reply to the minister in a couple of minutes.

Mr. Martin: Finish it and pass the item.

The Deputy Chairman: It being one o'clock I do now leave the chair.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Knowles: Mr. Chairman, at one o'clock I had just indicated to the minister that the house would be interested in the statement he had made concerning the studies conducted by his department into the question of radioactivity in relation to human beings and the studies into radioactive fall-out generally.

I had said there would be a measure of reassurance gained from the statement made by the minister but I admit I am not sure just how great will be that measure of

reassurance. As the minister is aware, conflicting statements do come out from time to time from eminent scientists and one cannot help but be conscious of the fact that there are rather eminent scientists who are afraid that continuing nuclear bomb tests hold the prospect of danger to the human race.

If I may put it just in this very brief form as certainly nothing more than a layman in this field, it seems rather strange to me that in the same statement the minister tells us of the care that should be taken with respect to fluoroscope machines that are available when one buys a pair of new shoes and at the same time we are told in that statement there is not really any danger from the nuclear tests that are being conducted.

It seems to me if the minister is correct in suggesting that people should not submit themselves to unnecessary radiation in the use of the machines to which I have already referred it would be the part of wisdom for mankind not to submit itself to unnecessary nuclear bomb tests.

I hope that in his joint capacity as Minister of National Health and Welfare and Canada's second minister of external affairs, in view of the large part he plays at the United Nations, he and the government will consider if the time has not come in the interest of the safety of the human race to put a stop to these nuclear test explosions.

Mr. Blackmore: Mr. Chairman, such wise counsel as the hon. member for Winnipeg North Centre has just given is all to the good if the minister starts at the right end, if he starts with the Russians, the communist conspiracy that controls Russia, and succeeds in making them see that they should discontinue these tests; otherwise, to talk this way to our people is to talk sheer defeat. It is just saying in effect that the British race, the Anglo-Saxon Celtics are wasting their time in trying to stand up against the Russians and that they might as well sit on a log and cry themselves to death because there is not a thing they can do about it and in the interests of protecting ourselves from fall-out we simply have to put the hammer and sickle over Washington, London and Ottawa and call it a day. Surely we should not have too much of that kind of talk in this house. At the same time I appreciate the point of view of the hon. member for Winnipeg North.

Mr. Knowles: Winnipeg North Centre.

Mr. Blackmore: It is interesting that so much of this kind of warning comes from one group in this house. May I now read to the minister something which I am sure he will be glad to have put on the record as being in support of what he has just said.

I have in my hands a copy of the July 21, 1956, Lethbridge *Herald*. On the last page of the Lethbridge *Herald* for that date a statement appears which has some bearing on the other side. It reads:

U.S. Atom Chief Cagey
Says Progress is Made "Localizing" Fall-out.

Washington—(AP)—Pacific island nuclear tests have brought reports of "real progress" toward goals of reducing radioactive fall-out and of providing atomic anti-aircraft weapons.

The announcement came from chairman Lewis L. Strauss of the atomic energy commission in a generalized statement on which other AEC officials declined to elaborate.

The statement raised the possibility that American atomic scientists have found the secret of how to blast an intended H-bomb target without spreading radioactivity to other areas.

Strauss indicated progress also in the weapons field, and spoke of the goal of "a wide range of weapons . . . including defence against air attack."

Much of the statement was devoted to limiting the danger of radioactive fall-out—the fearsome by-product of nuclear explosions.

It said the tests have shown progress toward "achievement of maximum effect in the immediate area of a target with minimum widespread fall-out hazard."

I do not wish to elaborate on this matter but I do wish to point out to the country and to this house once more that we do not need hon. members in this house preaching defeat to this nation. We have to have people who will preach hope of ultimate success. I see no reason at all why the great Anglo-Saxon Celtic people with their admirable and enviable record of benefit for mankind extending over thousands of years should be ready to surrender themselves to a group of evil-minded men, some few millions in the world, who are seeking by all sorts of devices to talk us into surrendering to them and letting them rule the world.

Mr. Cameron (Nanaimo): Mr. Chairman, I will not comment on the remarks of the hon. member for Lethbridge—

Mr. Blackmore: No comment is necessary.

Mr. Cameron (Nanaimo): —while at the same time pointing out to him that the almost unanimous opinion of the report of Admiral Strauss on the ability to now control fall-out has been described by almost every observer in Washington by the charitable word "disingenuous" which is, of course, a polite term for a harsher expression.

I was rather interested to find that the Minister of National Health and Welfare was able to extract so much comfort and assurance from the report of the British medical research council recently tabled in the British House of Commons because from the information I have received direct from London, and in one case from one who is

actually engaged in research work for the British medical research council, and from the reports on that report that were carried in the New York *Times* of June 13, I doubt whether the minister's optimism can really be justified. In this report in the London *Times* reference is made to the report of this committee of the medical research council as follows:

On the question of long-term genetic effects, the report states that present knowledge does not justify the naming of any specific figure as a limit for the average dose of radiation which might be received by the population as a whole. "It is highly desirable," the committee state, "that such a figure should be named as soon as possible; and we understand that the international commission on radiological protection has this matter under consideration."

"In the meantime, we feel bound to state our opinion that it is unlikely that any authoritative recommendation will name a figure for permissible radiation dose to the whole population, additional to that received from the natural background, which is more than twice that of the general value for natural background radiation." The recommended figure might be appreciably less, and those concerned with the development and use of such sources of radiation would be well advised to keep this possibility in mind.

Although no specific recommendations on long-term genetic effects are thus made, the view was expressed yesterday in circles closely in touch with the report that the effects of thermonuclear explosions would exceed the criterion in respect of radioactive strontium in bone at an earlier stage than they would approach any reasonable limits that might be recommended in respect of the total radiation dose to the whole population.

I suggest that that indicates that this committee has in fact been warning the world of the possible, in fact the probable dangers of continued thermonuclear tests. To pretend that we can get comfort from that and go on gaily approving such tests is I think a distortion of the facts. I have here an article written by Dr. James G. Foulks, department of pharmacology, University of British Columbia, in which he quotes leading British and United States scientists on this point. He quotes Dr. A. H. Sturtevant, one of the United States foremost geneticists, as follows:

There is no possible escape from the conclusion that the bombs already exploded will ultimately result in the production of numerous defective individuals, if the human species itself survives for many generations, and every new bomb exploded will result in an increase in this ultimate harvest of defective individuals.

Dr. Foulks also quotes Dr. H. A. Muller, who received the Nobel prize for his researches in this particular field. I would remind the committee that Dr. Muller was the man who was prevented from going to the Geneva conference by the United States atomic energy commission because of his views with regard to the possible genetic effects of thermonuclear explosions. Dr. Muller had this to say:

Despite a number of unfortunate publicized statements by non-geneticists casting doubt on the mutagenic effectiveness of small doses of radiation, the work has gone so far as to make it inconceivable, on physico-chemical grounds, for a single ionization track traversing a cell nucleus to be without its proportionate probability of inducing a gene mutation.

The article continues:

Actually, Dr. Muller believes it probable that a single ionization or molecular activation, when properly situated, will suffice to produce a mutation.

And again:

Such considerations have led one scientist to conclude that "the long-range genetic danger of exposure of mankind as a whole to low-level, but widespread and persistent radioactivity, is the most ominous of all the dangers of the atomic age."

The chairman of the subcommittee of the British medical research council is Sir John Cockcroft, usually considered to be one of the outstanding British scientists. I was interested in finding in *Nature*, volume 176 of July 16, 1955 a criticism of Sir John Cockcroft's estimate of the dangers of radioactivity by J. B. S. Haldane, usually considered one of the world's leading biologists. In the course of this article in *Nature*, Dr. Haldane suggests that Sir John Cockcroft's estimates of permissible dose may be ten times too high. I am not going to read the whole article because it is much too technical but the conclusion he reaches is that Sir John Cockcroft has been far too optimistic. He winds up in this way:

The problem is not insoluble. The figures given above could, I think, be improved. I have, however, deliberately used estimates made before the question of the genetic effects of experimental explosions was raised. Estimates made later may have been influenced by conscious or unconscious political or ethical bias. Research on this problem requires extremely careful planning, including the realization that apparently hopeful projects may prove useless.

I would point out further that as a result of this report by the subcommittee of the British medical research council last week in the British House of Commons Sir Anthony Eden agreed that his government would make direct approaches to the Soviet union, and presumably to the United States, with a view to seeking a limitation of these bomb tests. I would suggest that that was a more rational and realistic result of reading the report of the British medical research council than the one indicated to us this morning by the Minister of National Health and Welfare.

Item agreed to.

255. Administration of the Food and Drugs and the Proprietary or Patent Medicine Acts, $1,389,761.

Mr. Hahn: Mr. Chairman, earlier today it was suggested that the discussion I had in mind might better be brought up under this heading. I refer to a question which I asked the minister following up one presented to him on May 24 and having to do with the toxic effect of colouring used on oranges imported from Florida in the United States. This question and the question of added colouring to foods may not seem too important, but when one considers the number of boxes of oranges that come into this country and the fact that it has been found that certain coal tar colours are toxic and poisonous, then I think it does become important. I should like to quote from an article which appeared in the Vancouver *Sun* to indicate just how important this really is. This is an Associated Press Dispatch from Washington under date of July 16, 1956, and it reads:

Probers claim some food dyes "poisonous", linked to cancer.

A special committee says there is evidence some coal and tar dyes used in food, cosmetics and drugs actually are poisonous or cause cancer.

The committee added that it may take the food and drug administration another 25 years to determine whether 116 dyes now certified as safe under U.S. law really are harmless.

It said the research program should be strengthened.

Only 15 of the 116 dyes certified under the 1938 food, drug and cosmetic act have been studied to any great extent, the committee said. These 15 are used in foods.

Just commenting on that article, I wonder if the minister could indicate to us how many such dyes are used in Canada in comparison with the number used in the United States. The article continues:

Among the 15 coal tar derivatives which have been studied, the committee said, 10 resulted in some harmful effects on experimental animals.

"Several are distinctly toxic (poisonous) when fed to rats at levels as low as one-quarter of one per cent of a standard diet," the committee said.

This morning the minister, in reply to my question, suggested that he was having the question of added colour put under the Food and Drugs Act for administration purposes. I was wondering exactly what his departmental findings were in respect to this substance that was used and what work has been done in discovering the dangers that are pointed out in this article, whether or not the colours used in oranges are the only food colourings that are being examined or whether we have used in this country food colourings from this coal tar substance. The article goes on to say:

The committee also said the practice of labelling certain dyes as harmless is unrealistic unless the amount which can be safely used is specified.

[Mr. Cameron (Nanaimo).]

I should like to know whether we have any control of the amount of colour that is being used in those oranges, what the percentage is, and what experiments have been conducted to indicate that there is no poisonous effect.

The group concluded, in view of the widespread use of coal tar dyes in foods, cosmetics and drugs, that it could "see no alternative to strengthening of the present research position of the food and drug administration in the area of coal tar colours."

The question in my mind is whether or not the very fact that oranges and such foods are being put under the Food and Drugs Act is a sufficiently strong measure in so far as periodic examination is concerned, and exactly what the department has found in respect to the toxic effect of these colours, as mentioned in this United States dispatch.

Mr. Winch: There is one matter I should like to raise under this vote. I shall admit quite honestly that I am hesitant in raising it, and yet I have to. I am a great cheese eater. I like cheese. I like Canadian cheese. Nine times out of ten when I order dessert, I ask for cheese. Therefore I am very much interested in that product, especially if produced in Canada. I was very much disturbed at something that appeared in the daily press relative to the conditions in some of the cheese factories in Canada. I have been in receipt over the past few weeks of a great many letters from my constituents enclosing copies of what was published in the British Columbia press of an article under an Ottawa dateline. In almost all the letters I received, they pointed out that they felt, along with others, that they would be very much disturbed if the situation as outlined were not denied nor a statement made in public by the minister that the situation had been corrected.

It is solely because of my desire to see more Canadian cheese consumed that I agree with those who have written to me that, in view of the publicity that was given, now is the time to have some publicity counteracting it—as I hope—to the effect that the situation now is not as outlined in the press release, as the result of the investigations of Dr. Thatcher, the head of the department's microbiology section and the two bacteriologists in the same department who were with him. I am not going to place on the record the published results of their findings, because I am certain the minister knows to what I refer and the reason why I am so concerned about it. Can he give some assurance to this house that, as a result of the investigation, action has been taken and that those who like eating Canadian cheese can now do so without any

fear that the situation which the department found to be prevalent is now continuing.

Mr. Martin: I can give my hon. friend—and I am glad he raised this question—full assurance in that particular. Under the Food and Drugs Act, the dominion analyst advises me that our examination of Canadian cheese shows that it contains the qualities that justify all of us in this house ascribing to Canadian cheese the highest standard which we have attributed to it. My hon. friend refers to a paper that was written three years ago in reference to a particular batch of cheese. That paper must not in any way be construed as in any way a reflection upon the wholesomeness and the good quality of Canadian cheese, a liking for which I share with the hon. gentleman.

Mr. Winch: Is the minister referring to the same report? This says that 137 factories were examined.

Mr. Martin: That is right.

Mr. Charlton: Would the minister also point out that the situation was rectified shortly after the first investigation, which was three or four years ago, and that this was a repetition—which was very unfortunate, I might say—of an article written three or four years previously as a result of an investigation, of some three or four years previously, and it was repeated after the situation had been fully rectified?

Mr. Winch: I point out to my hon. friend that I am trying to do him a favour, if he represents a cheese producing area. It has appeared on the front pages of the Vancouver press. I asked whether or not this could be confirmed and whether the matter had been straightened out, and I did so in the interests of the cheese producers, because this has appeared in the press in recent weeks.

Mr. Blair: I think that the publication in the press of a report three years old has done a great deal of damage to the cheese industry. The fact is that the situation has been corrected, and there should be a statement to the Canadian people, as the minister said, that Canadian cheese is of high quality. I consider it most unfortunate that this report of three years ago concerning a certain number of factories has been given to the public and that a slap in the face has been given to the cheese industry of Canada.

Mr. Martin: I fully agree with what the hon. member has said, that this report should never have been published. It was done without my knowledge. It was with regard to particular situations. We all know that Canadian cheese can compete in quality with cheese of any country in the world.

Mr. Hahn: The minister did not answer any of my questions. Perhaps he does not care to.

Mr. Martin: Yes, I was going to deal with them right now. I thank my hon. friend for acceding to the request, as he did so kindly, to discuss this matter under this item and not under the general item this morning. I shall simply say, in addition to what I have already said, that in taking the step that we did with regard to the particular colour in oranges the ban applies as of August 1. It was not because we had found dangerous levels in colour in oranges in Canada but because we simply wanted to take a precautionary step.

In the regulations under the Food and Drugs Act, provision was made for the use of 17 coal tar colours in foods. In addition there is a requirement that the maximum amount of colour to be used in any food is limited to one part per 3,500 parts of food or approximately 0·03 per cent. In surveys which have been conducted in the food and drug laboratories of our department, it has been found that this level is reached in only a few foods, and the level of colour in the majority of foods, where it is used, varies from one to two parts per 100,000 parts of food. At the time the permitted list of coal tar colours was established, and with the evidence then available as to the safety of their use in foods, no indication of harmful effects was evident. Moreover, no reports have come to the attention of the food and drug directorate that the ingestion of foods containing any of the colours in amounts permitted in Canada has caused harmful effects in humans. However, my hon. friend may be assured that this matter will continue to receive the attention of our officials in the food and drug division in conjunction with our own work along with that particularly carried on in the United States.

Mr. Bryson: It seems rather obvious that the report referred to by the hon. member who spoke was more or less suppressed. I should like to ask the minister if that report was suppressed and why the information has only come to light now.

Mr. Martin: What report is that?

Mr. Bryson: The condition that the hon. member has spoken about.

Mr. Martin: We have passed that item. However, I will answer briefly provided we do not carry on a discussion. We have passed that item.

Mr. Bryson: Oh, no.

Mr. Martin: Oh, yes, we have passed that item.

Mr. Charlton: No, you have not.

Mr. Martin: Well, there is no sense arguing. Our officials examine these things. Dr. Thatcher had made an examination of a particular group of cheeses. I would not want to be regarded as publicly criticizing an official who generally does great service to the country, but in this particular instance his report should not have been published. I was not aware that it had been published, I can assure my hon. friend, but that is the situation and what I said about Canadian cheese stands.

Mr. Winch: That raises an issue that I think is of prime importance. The minister says that it should not have been published. Is the minister saying that this information which has the character of dynamite should not have been published and made available?

Mr. Charlton: On a point of order, that is not proper information. The minister has just made the statement that the report should never have been published. I want to say that the report was published at the time. The minister has just given information which is not correct. The report was published at the time and that was three or four years ago. It should never have been republished. If it has been republished now it should not have been done. The report was published. The information was never stifled. The information was given to the public at the time and these situations have been corrected since. It is not fair that the matter should be brought up again after an interval of three or four years.

Mr. Martin: I agree with what my hon. friend has said. It was not published at the time.

Mr. Charlton: Yes, it was.

Mr. Martin: My deputy minister tells me it was not. However, that is not an important fact.

Mr. Charlton: Yes, it is.

Mr. Martin: All right. Our officials make reports to the dominion analyst daily. These reports go to the desk of the deputy minister. Those that he thinks should receive the attention of the minister go to the minister. All I am saying is that a report made by an individual in his capacity as a member of a government department should not have been published without the authority of the head of the department. That is all I was saying a while ago.

Mr. Charlton: You are making it worse all the time.

Item agreed to.

[Mr. Martin.]

256. Administration of the Opium and Narcotic Drugs Act, $188,171.

Mr. Campbell: I should like to ask the minister if peyote buttons have been brought under the Opium and Narcotic Drugs Act.

Mr. Martin: No, they have not.

Mr. Campbell: Is the department considering taking that action?

Mr. Martin: That is now being studied, as I said three weeks ago in the house in answer to a question.

Mr. Bryson: Apparently we are on different items for some reason or other, but I should like to ask the minister if he will explain to the committee the contributions that are made by his department to the province of Saskatchewan in respect to the hospitalization of Indians and the out-patient treatment that the Indians receive.

Mr. Martin: We are not on Indians. That is item 257.

Mr. Winch: We are dealing with the administration of the Opium and Narcotic Drugs Act. I should like to ask the minister if this is the place to ask him what action, if any, is going to be taken on the report on narcotics made by the senate committee. What is the present situation and what policies does the minister have in mind?

Mr. Martin: The report of the committee is now before a group who are in consultation with the provincial departments of health in respect of certain portions of the recommendations which apply to the provinces. The penal sections are likewise under discussion with the Department of Justice. I hope before too long to have an opportunity to make a public statement in this regard.

Item agreed to.

Indians and Eskimos health services—

257. Operation and maintenance, $15,983,621.

Mr. Charlton: The minister received a letter from the council of the Six Nations Indian reservation some time ago, as a matter of fact it was in April, regarding the situation existing there now at the Willingdon hospital on the reservation. I received a copy of the letter the minister received. I wrote to the director of Indian health services and subsequently received a letter from the minister explaining the situation. However, the minister did not answer one of the questions I asked him. I asked him if there had been a change of policy with regard to Indian health services at the Lady Willingdon hospital, and if so, when the change took place and why it took place.

It has always been the understanding of all the people on the reservation at Brantford that hospitalization was provided to them free of charge. It has always been the case up until very recently. During the last year, in most cases, although possibly not all, charges have been made and several bills have been sent out to people on the reservation after hospitalization has taken place.

It is my understanding, and I have it on very good authority, that subsequent to the sending out of bills for hospitalization some official of the department was sent to the Six Nations reservation after the minister received the letter to which I have referred and that some of these people at least were told that they did not need to pay the bill and that, moreover, they should forget ever having received a bill.

If the situation is as expressed in the letter to the minister and if after some complaints are made some people are told not to pay the bills they have received and to try to forget they ever received them, then I suggest to the minister that is a very unfair practice.

Mr. Martin: Was it an official of the department who said that?

Mr. Charlton: Supposedly, yes. Either the people on the Six Nations reserve are to be charged for hospitalization or they are not to be charged. No charge has ever been made before. Therefore, I ask the minister now, as I asked in the letter I wrote to him in May, when that policy was changed and why it was changed.

Mr. Martin: My hon. friend may be assured that the policy in this particular has never changed. The policy always has been that those who can pay should pay. That is the only policy. If there are hardships, my hon. friend might bring them to my attention. Of course, only a small portion of the Indians are able to pay, but where they can I think it is generally felt that they should pay. I am going to look again at the particular case to which my hon. friend refers to see what it is about. However, if the individual cannot pay, then of course he is not going to be called upon to do something he cannot do.

Mr. Charlton: That is not the point. I do suggest that might be the case for Indians living on the reservations, living there permanently. There are, however, cases of Indians residing on the reservation and working off the reservation, only coming back week-ends or something like that. Then, there may be some excuse, but if the rule is to be made for one then it should apply to all. Where a person has been frugal during his lifetime and has saved his money, he should not be jeopardized in his old age or jeopardize his children by having that money taken away from them, while the chap who has not saved any money is getting away free.

Mr. Winch: I might mention the same subject to the minister. I would ask the minister to look into the situation in British Columbia. I have letters in my files, I am sorry I have not them here, from the north Thompson tribes who complain about the fact that it was their understanding they were supposed to be supplied with medical attention while they were on the reservation. They complain that they cannot get a doctor to go to the reservation. They are told to go into his office, and if they go into his office he makes a charge. That is a complaint almost identical with that of my hon. friend, and it is from the north Thompson tribes in British Columbia.

Mr. Martin: Certainly, I will look into that.

Mr. Bryson: May I ask the minister now a question as to what contribution is made by his department to the province of Saskatchewan for Indians who are in receipt of hospital care or are outpatients there?

Mr. Martin: In the case of Saskatchewan, we suggested to the government the desirability of including Indians under their hospital insurance scheme. We would, of course, be prepared to pay the premiums. The commission there was not able to accede to our request. We had been able to make similar arrangements under the hospital insurance plan in British Columbia. That being the case we continue to exercise towards the Indians in the province of Saskatchewan the same attitude that we do towards the Indians throughout Canada, and that is to pay their actual costs of medical and hospital care.

Mr. Bryson: My question was based on an article I have here quoting Mr. Bentley, the health minister. I should like to read it to clarify my question. Speaking about the health services rendered to Indians, Mr. Bentley had this to say:

> Another difficulty, as Mr. Bentley saw it, was the problem of Indians in the program.

He is speaking about the Saskatchewan government health program.

> The province had never been given any authority or responsibility for the health of its Indian population. That was a federal prerogative. But, under the federal proposal, the province must provide hospital and outpatient service for Indians.

I was wondering what the proposition was.

Mr. Martin: We do that now.

Mr. Bryson: What was the proposition which the department made to Saskatchewan in that respect?

Mr. Martin: I think I indicated that we had offered to pay the premium cost of Indians under the hospital insurance plan in Saskatchewan. They did not want to include them.

Mr. Campbell: There is one phase of the medical health service for Indians that I should like to draw to the attention of the minister, and that is the field nursing service. There is a very fine body of women doing that work under a terrific handicap. For instance, there are no roads on the reservation. As soon as one leaves the main highway to go into the reservation, one is met by mudholes or snowbanks in the wintertime. These nurses are running the danger of losing their lives by freezing to death. I am wondering if the minister could not get together with the Minister of Citizenship and Immigration to do something about roads.

Last summer I went into several Indian reservations. When I came to one reservation I asked an Indian if he would take me around the reservation and he said, yes. We had not gone 100 yards until we came to a big mudhole. I looked at it and I said, "We will never get through that." He said, "Oh, yes, the nurse was here this morning and she went through; if she got through, you can get through too." The rest of the reservation was just a continuation of the mudhole. I do not think it is fair to ask these girls to take such chances by driving where there are no roads, either winter or summer. I think it would be a good thing if the minister would consult with the Minister of Citizenship and Immigration and try to get roads provided so that these girls, who are doing such a fine job, will have some chance of doing their work without taking their lives in their hands.

Mr. Dinsdale: On this item, I should like to pursue the point raised by the hon. member for Brant-Haldimand a moment ago. There is an attempt being made to encourage Indians to emancipate themselves from the reservation. There has been an increasing number doing so, leaving the reservation and finding employment in various capacities. As a result of this new move, I have discovered a few of them running foul of the regulations pertaining to Indian health services. Can the minister say if there is any formula which can be applied to those Indians who are not completely enfranchised, but who have moved off the reservation—perhaps they might be working in a neighbouring military camp—and who find they have incurred medical expenses? They are presented with a hospital bill of $200 or $300 and this scares them back to the reservation. It is discouraging this very desirable movement away from the reserve system. Is there any formula being applied to ease the problem during the transition period?

Mr. Martin: Yes, we allow them 12 months. If they establish a residence off the reservation, after a period of 12 months they are expected to bear their own expenses. But we give them that 12 months in which to work it out. If they return to the reserve, as sometimes they do, the status quo is reverted to.

Mr. Dinsdale: Is there any suggestion in the formula that the expense is borne only by those Indians who are actually paying municipal taxes?

Mr. Martin: There is nothing of that nature.

Mr. Dinsdale: If they are not able to pay their own medical expenses, it means the municipalities automatically become responsible, and it seems to me that tying it up to some tax paying responsibility might be a step in the right direction.

Mr. Martin: Once they have established their residence, after a period of 12 months they are like anyone else. Most municipalities recognize that.

Mr. Bryce: I should like to ask the minister if he has any answer to the problem I raised with him a month ago regarding the hospital at Selkirk supplying services to treaty Indians. I sent the minister the bill. I know that other arrangements have been made since and they are sent to the Dynevor hospital, but when is the bill going to be paid to the hospital at Selkirk?

Mr. Martin: After my hon. friend asked his question I got hold of the director and he has sent out a message to get further elucidation. I hope that next week I will have something I can tell my hon. friend definitely.

Mr. Charlton: I wonder if the minister would give me the number of doctors in attendance at the Willingdon hospital at Ohsweken?

Mr. Martin: There are four.

Mr. Charlton: I might say, Mr. Chairman, that up until the time Dr. Davis retired, he looked after the hospital alone. He made thousands and thousands of calls all over the reservation himself.

Mr. Martin: There were two doctors with him, I think.

Mr. Charlton: For a good many years there were not two doctors; he was there alone. Now with four doctors there the doctors refuse to come out after six p.m. to make a house call in the reservation unless it is a case of very extreme emergency. How is a person going to know at six p.m. at night whether or not the case is going to develop into an emergency at midnight? I suggest, Mr. Chairman, that with four doctors doing the work that we will say two did before—I am not criticizing, actually I am criticizing because I do not think they are taking the interest in the job they should take if they refuse to make the calls after six p.m. Probably their hours are short enough, and they could quite nicely make emergency calls after six p.m.

Mr. Martin: I shall certainly look into that, but I want to pay this tribute to the doctors and nurses in this service. If my hon. friend knew the difficulty of getting professional help, because of the incomes received outside by professional people, he would see why I am anxious to pay a tribute to them. We have part-time doctors, full-time doctors and nurses all through this country who are giving yeoman service in remote places as well as in settled areas, and while that does not excuse an individual indiscretion or failure of duty, my tribute to them all is certainly well deserved. I shall be glad to look into the other question and discuss it further with my hon. friend.

Mr. Charlton: The reservation at Brantford is not in a remote place. The doctors do not have to travel over bad roads.

Mr. Martin: I said I will be glad to look into that particular situation.

Mr. Charlton: I accept that, Mr. Chairman, but I do want to point out that Ohsweken is not comparable with other places. What salaries do these doctors get there? Are they underpaid in comparison with other doctors? Is it a fact that they are underpaid in comparison with what they could earn in private practice? I do not know whether it is at all comparable or not. As I understand it, these doctors are not Canadian-born, and they might not be able to get positions that other doctors can get.

Mr. Martin: Two of them are not Canadian-born, but that does not alter the fact that they are all good doctors.

Mr. Charlton: I know it does not. I do not want to be misunderstood at all. Can the minister give the salaries of these doctors again?

Mr. Campbell: The minister paid a tribute to the doctors and nurses in the service. How well is he paying the doctors? What is the average salary of the doctors?

Mr. Charlton: I asked that question.

Mr. Martin: The average is $7,500.

Mr. Charlton: The average is $7,500? That does not answer my question.

Mr. Martin: That is the question I was asked.

Mr. Charlton: What are the four doctors getting?

Mr. Martin: Would my hon. friend not think it would be fair if I gave him that information privately? I have given the average. I do not think it is fair to give the salary of an individual, but I shall be glad to give it to him.

Mr. Bryson: In the minister's explanation he mentioned the Saskatchewan health service and said that he had offered the province the premium which has been $40 a year. He knows as well as I do that that does not in any way cover the cost of hospitalization.

Mr. Martin: I said we would continue the tubercular care, as we had in the past. I was simply putting it that way. We wanted the Indians to be included in the hospital insurance plan to the extent that the plan covered the ordinary individual. We would continue to be responsible as we are now.

Mr. Bryson: Yes. Since the minister's department and the department of Indian affairs accept Indians as wards of this government, I certainly cannot understand how the minister can reconcile his explanation with the position that he has taken with respect to this offer.

Mr. Martin: I do not think there is any difficulty. The situation is briefly this. There is no legal responsibility on any jurisdiction in Canada to look after the health of the native population of this country. That is the general situation; but the federal government has assumed that responsibility. Ten years ago our budget for Indian health was a little over $1 million. Today, it is between $18 million and $19 million. Hon. members, like the hon. member for Brandon and the hon. member for Brant-Haldimand and others, who have Indian hospitals in their constituencies, recognize the great service that is being performed by our officials under the direction of the present director in the matter of the improvement of the health of Indians and Eskimos throughout this country. All one has to do is to look at the

reduction in the incidence of tuberculosis as a result of this program in which we operate hospitals all over the country at considerable expense for a population of around 150,000 people. The fact that the Indian population began increasing almost concurrently with the establishment of this nation-wide hospital policy is a pretty good indication of the effectiveness of this work.

There is no attempt on the part of the government of Canada to get out of its responsibilities. In the particular case to which my hon. friend has drawn attention we are simply seeking for general hospital purposes, with the payment of a premium, to do the job in a more efficient way, and we could not get agreement in that particular. In British Columbia we were able to have it included under the hospital insurance scheme there; that is all. It does not mean that there has been any retrogression.

Mr. Patterson: The minister will remember that some time ago I brought to his attention some of the problems faced by the administrators of the hospital at Abbotsford, British Columbia, in their dealings with the Indians. One of the problems was the fact that in many instances Indian children were brought to the hospital, or hospitalized, and because of the nomadic character of their parents, when the children were ready to be discharged the parents could not be located, and therefore the hospital had to accept the responsibility of caring for those children until such time as the parents could be found, even though they were eligible for discharge prior to that time. I did raise the question. I realize, of course, the province of British Columbia has assumed responsibility for the Indians—at least they are bringing them under the hospital plan. The question was raised whether or not some facilities could be provided to where those children could be moved after they were discharged from the hospital instead of continuing to occupy beds in the hospital, which are at a premium, I may say, in Abbotsford. The suggestion was that possibly some provision could be made at Coqualeetza Indian hospital. There is a new addition to that hospital. I was advised by the minister it would not be possible to place the children in that institution. I was wondering whether the minister had given any further consideration to this problem and whether he has any suggestion to offer for alleviating the condition to assist in the provision of adequate hospital space for the residents of the Abbotsford community?

Mr. Bryson: I should like to ask a further question on this Indian problem. A moment ago the minister mentioned the incidence of tuberculosis. Certainly, he knows as well as I do that a few years ago the incidence was appalling. As a matter of fact, the incidence of tuberculosis among Indians at the present time is almost 12 times that of whites. What is the per capita amount the department is paying in the province of British Columbia for hospital and other treatment and care?

Mr. Martin: For Indians? I do not understand my hon. friend's question. Does he mean for Indians?

Mr. Bryson: Yes.

Mr. Martin: My hon. friend is asking how much money we pay for the health of Indians in British Columbia as compared with the amount we pay in Saskatchewan?

Mr. Bryson: Per capita.

Mr. Martin: I do not think we have it on a per capita basis. I will try to work it out, but we do not keep it on a per capita basis.

Item agreed to.

Indians and Eskimos health services—

258. Construction or acquisition of buildings, works, land and equipment, $1,272,200.

Mr. Castleden: Will the minister give us a breakdown of the $894,000 for acquisition of buildings and works, and $387,000 for acquisition of equipment? Could you give us a rough breakdown as to where the buildings are located?

Mr. Martin: The total is $1,272,000. The sum of $410,000 is for the completion of a number of construction projects which are under way, including the dispersal of frame buildings at the Charles Camsell hospital, which is our leading tuberculosis hospital, in Edmonton; a residence for 29 nurses at Sardis; a residence for 29 nurses at Miller Bay, and a residence for 29 nurses at Fort Qu'Appelle. The sum of $304,000 is for the improvement and rehabilitation of existing properties, including the enlargement of our water and sewage processing system at Moose Factory, for the connection with the municipal sewage system at Fort Qu'Appelle, for the rehabilitation of the culinary facilities at Coqualeetza hospital. My hon. friend may not have heard my answer but the matter he raised is actually being studied.

This is for a standby generator at North Battleford. Power failures have been frequent there and they have had alarming possibilities. We have had to do some work there. At Cardston we are replacing a worn-out low pressure boiler. We have $180,000 for new construction at Baker Lake, at Fort Providence in the Mackenzie district, at Obedjiwan in the province of Quebec and in Manitoba at Little Grand Rapids. The remaining

item is for the purchase and transporting of hospital lighting and other equipment for all our hospitals generally.

Mr. Castleden: That lighting equipment is the other $378,000?

Mr. Martin: Yes.

Mr. Castleden: That is lighting equipment?

Mr. Martin: $378,000.

Mr. Castleden: That is the amount, but I was wondering if that is all lighting equipment.

Mr. Martin: No, no. It is lighting, transporting and other equipment generally. It is general hospital equipment; X-ray and operating equipment.

Mr. Castleden: Can you give the total amount of the contract for construction at Fort Qu'Appelle?

Mr. Martin: $50,000.

Mr. Castleden: Is that the building?

Mr. Martin: No, that is to connect with the municipal water and sewage facilities, and to provide additional fire facilities.

Mr. Castleden: And what is the contract price for the nursing home you are building there?

Mr. Martin: $80,000.

Item agreed to.

259. Grants to hospitals which care for Indians and Eskimos, $64,000.

Mr. Barnett: Mr. Chairman, I have one or two questions on this matter. Am I correct in understanding that this is a grant for the operating costs of hospitals?

Mr. Martin: No, these are grants to the hospitals that look after Indians and Eskimos.

Mr. Barnett: Are they operating grants or construction grants?

Mr. Martin: No, these are construction grants.

Mr. Barnett: I wonder if the minister could give us a breakdown of what the grants are?

Mr. Martin: The sum of $44,000 is for our nursing station at Nain in Labrador; $10,000 is for our general hospital at Queen Charlotte, British Columbia, Skidegate Inlet; and we are making a contribution toward the construction of a hospital at Alert Bay in British Columbia.

Mr. Bryson: Have you any available figures for Saskatchewan?

Mr. Martin: There is nothing beyond what I have already indicated to the hon. member who raised the question.

Item agreed to.

263. Health insurance studies and administration of the general health grants, $108,355.

Mr. Knowles: Mr. Chairman, I would like to say just a few additional words concerning the federal government's proposals to the provinces regarding hospitalization insurance.

The minister was perfectly correct last night, even though he quoted just excerpts from the remarks I had made in the committee on estimates, in putting statements of mine on the record to the effect that this group hopes the proposals the government has made will soon be put into effect. We express that hope and we give the minister our support to that effect, despite our clearly expressed dissatisfaction in that we feel these proposals do not go far enough.

We feel that in this year, 1956, we should be a lot closer to an over-all program of national health insurance. The minister knows that that is our view, and that even after we get any beginning such as he may be able to bring before parliament after obtaining an agreement with the provinces we will press for an improvement and a moving on to an over-all national health plan including provision for all of the costs of health care, and including as well sickness benefits to take the place of income lost when the breadwinner is out of work.

Nevertheless, Mr. Chairman, having made a speech last night expressing our general aim in this field, I shall content myself now with a few remarks with respect to the actual proposals the government has made to the provinces.

I say quite frankly that our concern is that time is running on. The minister may say it is only a few months since the proposals were made to the provinces. It is actually six months since that time, and with the Liberals months have a way of running into years, years have a way of running into decades and decades have a way of running into lifetimes. We are afraid that unless some bold steps are soon taken by the government the proposals that were made last January may collect dust along with the green book proposals of 1945, the draft bill of 1944, the Marsh report of 1943, a few speeches from the throne in the early forties, and the Liberal platform of 1919.

In six months three provinces have signified their readiness to come into the plan outlined by the federal government in January, and I think credit is owing to those three provinces, British Columbia, Alberta

and Saskatchewan, for the studies they made of the proposals and for the replies they gave to the minister. But surely it must be evident that with this much time going by and no other province showing any indication that it is going to come into the plan, the time has come for the government to revise its proposals.

There are certain modifications which might have the effect—in fact we believe they would have the effect—of encouraging the provinces that have not yet agreed to come into the plan to give the plan favourable consideration. I will not rehash the arguments we had in committee and those which took place last night between the hon. member for Mackenzie and the minister with respect to the inclusion of patients in tuberculosis and mental institutions, but that is one way in which the plan could be modified with the possible result that more of the provinces might agree to it.

I think perhaps an even more significant modification could be made with respect to the sharing formula. I will not take the trouble to spell out in detail this roughly 50-50 formula that is based on a 25-25 proposition. As I said in the committee on estimates, we feel there is justification for splitting that federal portion into two divisions, one arrived at on the basis of the provincial per capita cost and the other arrived at on the basis of the national per capita cost; but we think that instead of a 25-25 proposition it should be a 37½-37½ proposition, or something even better.

In stating that view we are concerned not only with setting out these proposals in a way that will make a better appeal to the provinces, but we are also concerned with the end result. Despite what was said yesterday by the new Liberal member across the way, an attempt should be made to put the payments for medical and health care on the basis of ability to pay rather than according to the illness that hits the particular individual. To the extent that payment for hospital insurance or health insurance or medical care is left to the individual or even to direct premiums to that extent you are making people pay according to their requirements for health care rather than according to their ability to pay. To the extent that you pay for health care out of the federal treasury, which is collected in the main out of income tax, corporation tax and taxes paid to some extent at least according to ability to pay, you approach recognition of the principle we advocate, namely that health care should be paid for according to ability to pay.

Therefore, Mr. Chairman, both because in principle we think it is more correct and for the reason that we feel more of the provinces might come in if the percentage paid out of the federal treasury were increased, we think the government should give consideration to revising the 25-25 formula to a higher figure. I suggest that 37½-37½ or indeed a still higher figure might be considered.

We feel something should be paid by the provinces in order to bring them into the picture, not only administratively but in terms of cognizance of the cost, but that the main burden of the care of the health of the Canadian people should be paid for out of the main treasury of the Canadian people, the federal treasury, which as I say is collected more than any other treasury in this country according to the ability of our people to pay.

Last evening the hon. member for Vancouver South, making a speech when the minister was trying to encourage us not to talk about health insurance on the administrative item but to wait until we got to this item, spent most of his time dealing with what he referred to as the lethargy of Premier Frost in not showing more interest in the proposals made by the federal government. I agree with the hon. member for Vancouver South, and I agree with the Minister of National Health and Welfare that the provinces of Ontario and Quebec hold a key position in relation to the formula the government has laid down. The formula is that six provinces, representing a majority of the Canadian people, must agree before it comes into effect, which means that one of the central provinces has to agree. If all the other eight agree and those two stay out, the terms of the formula have not been met.

Therefore there is no question but that there is particular importance attaching to the consideration which Premier Frost or Premier Duplessis may give to this matter. I agree with the hon. member for Vancouver South that anything that can be done, whether it is through a provocative speech such as that made by the hon. member for Vancouver South or through the co-operative attitude shown by the Minister of National Health and Welfare, to persuade those two premiers to give more serious attention to this matter is all to the good.

I should like to take just a moment to develop the question which I interjected during the speech last night by the hon. member for Vancouver South. That is, if the federal Liberal government is keen—I am satisfied the Minister of National Health and Welfare is keen, because I am sure that there are few things that would delight his heart more than to get this plan on the

statute books—about matters concerning health and welfare, I suggest that they should begin talking turkey or something stronger to the Liberal premiers of four of the provinces in this country. Premier Frost could very well reply to the hon. member for Vancouver South, "Supposing I do agree, that would bring the total number of provinces up to four but the plan still could not go into effect." Unless you get Quebec to come in—of course if you could get both Ontario and Quebec to come in that would be fine; that might be different—but if you cannot get both Quebec and Ontario, if you simply get Ontario along with British Columbia, Alberta and Saskatchewan you would have to find two more.

Where are you going to find them? There are four Liberal provincial governments in the country, in Newfoundland, Nova Scotia, Prince Edward Island and Manitoba. I suggest that if Liberals like the hon. member for Vancouver South and the Minister of National Health and Welfare want this plan to go ahead they should see to it that those four Liberal premiers realize the importance of their position in relation to this formula.

I noted the remarks the minister made with regard to Premier Frost; I have noted the very co-operative manner in which the minister has approached this whole question, but I suggest that the premiers of those other four Liberal provinces hold a pretty important place. I suggest to the minister that he would make much better headway if he would just get those Liberal premiers to take a good look at the matter. As I say, Premier Frost can say, "What does it matter if I come in or not; there would be only four provinces that agreed, Ontario, British Columbia, Alberta and Saskatchewan." If two of the Liberal provinces came in, two out of Manitoba, Prince Edward Island, Nova Scotia and Newfoundland, then there would be five, and only one more would be needed.

I suggest that one or the other of these two lines should be taken by the government if they mean business with respect to their own proposal. They should either revise the proposal with regard to the percentage the federal government is prepared to pay, or they should talk turkey to the Liberal provinces of this country so we can get somewhere with this formula which the federal government has laid down. I urge upon the government that one or the other if not both of those courses be followed. Although the plan may have shortcomings, which we deplore, nevertheless it would be a step in the right direction. It would be a beginning after all these years, 37 of them, during which the Liberals have been promising health insurance. I think it is high time we had at least a beginning along the lines laid down in the federal government's proposals to the provinces.

Item agreed to.

General health grants—

264. To authorize and provide for general health grants to the provinces, the Northwest Territories and the Yukon Territory upon the terms and in the amounts detailed in the estimates and under terms and conditions approved by the governor in council including authority, notwithstanding section 30 of the Financial Administration Act, to make commitments for the current year not to exceed a total amount of $48,460,401, $33,750,000.

Mr. Green: Mr. Chairman, there are two matters I should like to place before the minister arising out of this vote. The first has to do with the possibility of help being given under these grants toward the construction of small hospitals. I understand that at the present time the requirements of the grants are such that it is practically impossible for a hospital with fewer than 30 beds to qualify for help.

Mr. Martin: We have made many grants to hospitals with fewer than 30 beds. There was one case in western Ontario where the hospital had only 9 beds.

Mr. Green: This difficulty has arisen in British Columbia, and I believe it is due to the standards required under the regulations. In some small towns it is not necessary to have a hospital with all the facilities to be found in a city hospital.

Mr. Martin: Could my hon. friend give me the particulars of the case so I might see just what are the facts?

Mr. Green: This case arose in Agassiz where the citizens were trying to work out a scheme for the construction of a small hospital, but evidently the requirements were such that it was impossible for them to qualify for assistance. Perhaps the minister would explain to the committee how these regulations work in a case of that kind. If a patient requires special treatment, he or she can of course go to the large hospitals in Vancouver or New Westminster or one of the other larger centres, and there is no need for a small hospital to have all the facilities that are found in the larger hospitals.

Is there not some way in which this help could be spread out to a greater degree to aid in the construction of hospitals in the small centres? The grants have been in existence for eight or nine years, and perhaps the time has come when there should be some concentration on helping with the construction of these smaller hospitals which would not have all the facilities of the main hospitals in the country.

Mr. Martin: My hon. friend may be assured that there is no discrimination as between the small and the large hospitals. The procedure is simply this. The province is the only jurisdiction under the British North America Act that has authority over hospitalization, so if a province requests a grant for a particular hospital we are prepared to make a grant of $1,000 per acute bed or $1,500 for a chronic bed. The requirement we have is that of safety. We have had no difficulties. I can only recall one hospital, and I think it was in the constituency of one of the members opposite, where we had a difference with the hospital authorities, and there we were not satisfied that they had complied with the report of the fire marshal of the province. That is the only case I know of in British Columbia.

I have sent for the particulars of that case. I do not know what they are, but I can assure my hon. friend that no discrimination whatsoever was made between the large and small hospitals. The conditions are laid down primarily by the province. If they say that the hospital should be built there and assistance is forthcoming from them, then we give consideration as to whether or not in the circumstances there should be assistance given by the federal government. However, I am going to have that case looked up and I shall be very glad to discuss it with my hon. friend when I get the facts.

Mr. Green: Does the minister have any check made in respect of the decisions of the provincial governments about these smaller hospitals? It may be that in British Columbia the provincial government is laying down provision of such a nature that these small communities cannot qualify for this federal assistance. Perhaps it would be wise for the minister to look into that situation. I should like to have the minister's assurance that this plan is designed to help with the construction of hospitals in small centres as well as in large centres and, even though the hospital to be built in the small centre has not the same high standard of equipment as the hospital in the large centre—

Mr. Martin: I assure my hon. friend that is the case. I have already given him that assurance. The position and the standard of equipment in the hospital does not enter into our calculations at all. I am not aware of the particular facts; I shall have to go into that particular case. Ours is a sharing plan. The province must give at least a similar amount. There have been a number of cases in two provinces where the province has not wanted to give the full $1,000, and as a result we have had to give less than $1,000, or we were not able to give more than $1,000, and the result was that the total amount of money available was not sufficient.

That may be the case; I do not know. I shall be glad to go into it, but I can assure my hon. friend that there is no discrimination under this plan. We have provided assistance, along with the provinces and with the voluntary groups, for the building of almost 80,000 hospital beds in the last eight years. I am sure that represents a tremendous achievement on the part, first of all, of the voluntary bodies, the provincial governments and ourselves. It is a co-operative arrangement, and is I think a great monument to what can be done co-operatively in this country.

Mr. Green: The minister will realize that this is one of the serious problems facing the residents of the small communities, and I hope he will do his best to remedy the situation. The other question I wish to raise has to do with the program for research in connection with the rheumatic diseases, such as arthritis. Under the health grants there is no specific provision for this particular type of service.

Mr. Martin: There is no particularization at all for any research grant. We have given funds for arthritis research in great amounts for many projects, particularly in British Columbia, but the vote does not call for a particular research. The procedure is that we have a special committee that take into account all applications for research grants. This committee is made up of eminent officials in our own department and outside. If they say that a certain project should receive consideration and should receive financial assistance, that forms the basis for our policy. My hon. friend says there is no grant for research in rheumatism and arthritis, but he will find that we have given almost $491,000 for research in that particular field to date.

Mr. Green: I did not say there was no money spent on research in our province. I said there is no specific grant for that particular type of research. There is provision for a general public health grant and a public health research grant, but research for arthritis could only come under either of those headings if the provincial government or the public health authorities should decide that research on arthritis is a matter of public health. I am asking the minister whether this disease is not serious enough in its effects on the Canadian people as a whole to have a health grant for the specific purpose of dealing with the problem of arthritis.

We have raised this question in other years, and the minister has said that money is spent on it, just as he started to say today. Last year he said in reply to questions, as reported on page 6296 of *Hansard*, that $78,000 had been made available to an arthritis and rheumatism society in British Columbia. I found out subsequently that that $78,000 covered a period of several years. It was not a grant for one year. It included amounts paid for seven or eight years, beginning with the year 1948, and out of that sum $67,000 was for the provision of equipment—

Mr. Martin: A travelling clinic.

Mr. Green: —and not for research at all. Only $11,000 had been spent for research; not all of the $78,000. I am also told that the total research grant for rheumatic diseases in Canada, as of last summer, was $173,719.73 which would make an average annual grant of $21,715 for the dominion research program for rheumatic disease. That does not seem to be very much. That does not seem to go very far toward meeting the problem of research in connection with this particular type of disease. Can the minister tell us whether there is any plan at the present time for increasing this particular type of research, and if so, what it is?

Mr. Martin: I thought I had explained the situation carefully earlier, but perhaps my hon. friend has understandably not appreciated the nature of the grants. If we were to have a research grant for arthritis or for rheumatism we would have to have equally a research grant for every conceivable disease.

Mr. Green: Why does the minister say that?

Mr. Martin: I am going to explain. The general public health grant is the generic term that covers general public health which includes research, which includes treatment, which includes everything. Then the other grants are the tuberculosis control grant, the mental health research grant, the hospital construction grant, the cancer control grant—

Mr. Green: Those are special grants under the plan.

Mr. Martin: Those are specific ones, but you could not possibly have a grant for every conceivable disease. Any particular disease in this country that is given priority by our scientific assessment committee or by decision of the government based upon other considerations can qualify for a research grant. Out of the national health program we have spent on research over $7 million since the beginning of the program.

Mr. Green: How much of that was on arthritis?

Mr. Martin: Just a minute. When this program began there was no money spent at all on research by the federal government except through the national research council's grants, which were very limited. With regard to arthritis, the figure my hon. friend referred to in British Columbia of $78,496 was for mobile and other equipment. That did not have anything to do with research. The research in these things is done at places like the Connaught laboratories. It is done by the University of British Columbia medical school. It is done by the neurological institute of Montreal. It is done by the Charles Best research institute in Toronto, the Dr. Collip institute at the University of Western Ontario, the great research centres where personnel are heavily concentrated.

Taking arthritis, we had a project on ACTH and cortisone, as the hon. member for Lanark will know, that alone cost $436,000. That is only in the field of arthritis. We have other projects now. There is one at the University of Western Ontario. There is a small one at Laval University. There are two at McGill University. I am not sure whether or not there is one at the University of British Columbia. These are projects of research into the various forms of rheumatoid arthritis, but the organization to which we have given assistance in British Columbia is not a research body. It is a body to teach people what can be done, to bring them to the clinics. For instance, there are the automobiles they use. I do not know if my friend has seen those in British Columbia. Undoubtedly he has. They are very fine and they were provided largely, I think entirely, by us out of our funds. But these are not research projects.

My hon. friend may be sure that consideration is given to this subject, which is a very important one. We estimate that there are about 150,000 people in Canada who suffer in a serious way from rheumatoid arthritis of one kind or another, and I am told there are over two hundred different types. There are many more people who have the disease. The Metropolitan Insurance Company has made an estimate of 700,000 people who suffer from rheumatism in one form or another, not in the way the 150,000 do but who are afflicted by it.

These various research centres are dealing with this subject. But you have to have the personnel to do it, and you have to have the projects to do it. Last year under the national health grants we provided almost 2,000 different bursaries to 2,000 individuals engaged in the health fields, and of that 2,000 over 250 went to men engaged in fundamental research, cancer, rheumatoid arthritis, heart disease and various other maladies.

We are now about to make a big grant for the new heart disease institute in Montreal. We have just finished giving a grant of $150,000 to an organization in Toronto for the study of heart disease. My hon. friend will see that not only rheumatoid arthritis but all these various other diseases are the subjects of great research projects.

Mr. Green: The minister has himself explained very clearly the very large numbers of Canadians who are suffering from this disease, and he knows just as well as I do just how serious a factor it is in the national picture. Surely those very facts are sufficient to warrant the extension of the health grants to cover arthritic and rheumatic diseases. The minister has a general public health grant, a tuberculosis control grant, a mental health grant, a venereal disease control grant, a crippled children grant, a professional training grant, a cancer control grant, a public health research grant, a laboratory and radiological services grant, a medical rehabilitation grant and a child and maternal health grant. These are all excellent. I am not quarreling for a moment with any of them, but does the minister not think that the problem of arthritis is sufficiently serious to warrant having a specific grant for the purpose of dealing with this condition?

Mr. Martin: I agree that it is an important matter, and it is the subject of research, as I have indicated to my hon. friend. I do say that if we were to particularize all the illnesses that should be the subject of research the list would be endless. I do say that rheumatoid arthritis is not the most important. One of the most important concerning which we are now engaged in a coordinated campaign effort is heart disease. Another is cancer.

Mr. Green: You have a grant for cancer.

Mr. Martin: I know, but we have not got one for heart disease.

Mr. Green: Perhaps you should have.

Mr. Martin: I think my hon. friend misinterprets. Except for the tuberculosis and the mental health grants, these various grants are all generic in quality and out of any of these sums, general public health grant, research grant, cancer control grant, can come moneys for research in those particular fields. Out of the general public health grant can come, in addition to a research grant of $500,000, assistance for arthritis or anything else. My hon. friend is asking that we should name arthritis as opposed to other diseases. I cannot agree with that. It is very important and it is a very unfortunate malady, but the titles of these grants does not interfere with the nature of the assistance that is given.

[Mr. Martin.]

Mr. Green: I am only suggesting that if there were a grant for this purpose it would focus attention on the problem, and I think the result would be a great deal faster and more far-reaching action to solve that problem than we are likely to get under the present method of handling research in connection with arthritis and the other rheumatic diseases.

Mr. Winch: There are two points I would like to discuss under this vote. One has already been mentioned by the hon. member who has just taken his seat, the question of hospital construction grants. Back in 1948 the government laid down what was undoubtedly a very fine principle, namely the acceptance of responsibility in a financial way for a basic contribution to the construction of hospitals in this country. As was mentioned a little while ago by the minister, the basic grants as they were outlined back in 1948 were $1,000 per bed for active treatment hospitals, $1,500 per bed for chronic, convalescent, mental and tuberculosis hospitals, and $500 per bed for nurses' living quarters. I think the government should be commended for the fact that in the years that have gone by since 1948 they have extended that to include other fields. There is now some provision for a basic hospital construction grant in the realm of laboratories, health centres and training facilities. The government, as I say, are to be commended for the action they have taken in that regard.

I do think it is time for the government to take a second look at their basic construction grants. Since 1948 when they laid down the rates of $1,000 per active treatment bed, $1,500 for chronic and convalescent beds and $500 for nurses' beds, there has been a great alteration in the cost of construction throughout the dominion. I am speaking for no other province except British Columbia, and in British Columbia I only speak on behalf of Vancouver.

In 1948 when the basis was laid down, the cost of active treatment hospital construction, excluding equipment, was $9,000 to $10,000 per bed. There has been a great deal of construction going on in Vancouver in the realm of hospitals, and I am informed by the authorities there that the cost this year for active treatment hospitals is $14,650 per bed. When you compare that with the basic cost in 1948 of $9,000 per bed I say I think it is only reasonable that the time has come for the minister to give consideration to increasing the basic grant at least by an amount that is going to take up a fair share of that increased cost. I do not want to enlarge too much upon that point, having stated it.

In addition, in connection with this question of hospital construction grants, I do think the minister should pay particular attention to one aspect. When this principle was laid down in 1948, and when the chronic and convalescent basic rate was set at $500 higher than the active treatment rate, as I read the reports of the department they state very definitely they had a reason for doing that. One of the objectives of the hospital construction grant was to encourage the construction of additional accommodation for chronic and convalescent patients in order to remove these categories of patients from active treatment hospital beds. They can be accommodated in specially designed hospitals, or in wings attached to acute hospitals, with potential savings in nursing and other costs. I think it is regrettable that the objective of the government in 1948 has not been achieved.

I was most interested in reading a breakdown showing how the grants of the minister's department have been made. Since 1948 the grants have gone on this basis: for active treatment, $31,161,000; for chronic and convalescent, $5,037,000; mental hospitals, $14,293,000; T.B., $4,292,000; bassinets, $6,604; nurses beds, $8,574,000; community health centres, $4,142,000; combined laboratories, $130,000; training facilities, $35,000. These grants total $74,268,000. But the important point is this. The grants for active treatment have totalled $31,161,000 and for chronic and convalescent only $5,037,000. Although the government in 1948 recognized the problem by granting an additional $500 per bed if they would build convalescent hospitals, these figures show what has occurred.

Now, sir, during the last day or so we have heard about hospital insurance in Canada. This government will have to assume a substantial part of that cost. Therefore the government should be keenly interested in efficiency in the operation of hospitals and keenly interested in seeing that, although they pay all that is required for medical and hospital attention, they do not pay any more than they have to for these services. I think most medical men will agree that now, when we are moving into a national health insurance plan, we have to concentrate more intensely on convalescent hospitals. I am not speaking of the chronics, I mean those who require hospitalization but do not require the medical care of an acute hospital for a certain period of time.

Unfortunately this spring I had to spend 14 weeks in hospital and I know, as a result of my observations, that including myself, a number of the patients there did not need to be in an acute bed. Our requirements could have been met in a convalescent bed. I made inquiries of the hospital authorities in Vancouver, and they told me that the difference between the maintenance of an acute bed and a convalescent bed in Vancouver is the difference betwen $18 and $10 a day.

Now then, that being the case, if under proper arrangements and planning medical attention can be given the convalescent in the neighbourhood of the acute, so you could get that treatment if required, it does seem to me that in the interests of federal government financing they should not only increase the basic hospital construction grants in comparison with 1948, but there should be a greater increase in the grants for the construction of convalescent hospitals. This would act as a persuader to the provincial authorities to increase their activities in this field of hospitalization.

I have spoken to a great many medical men and hospital authorities, and they all seem to be in agreement with that opinion. I am certain the minister must be in agreement also. I do believe he should give a little more in the way of financial persuasion so as to get this work under way in all provinces. Admittedly it will require the expenditure of additional money, but I think it is almost axiomatic that sometimes you can save money over a long period of time by making an expenditure at the proper time. Surely it would not be asking too much, because under the item we are now discussing I note that the allocation is only $6,762,000 plus $2,736,000 of a revote; plus $4 million in another revote, or a total in all of $13,499,060 in hospital grants in this present fiscal year. I most certainly would like to hear the comment of the minister on those two aspects which come under this item.

There is one other subject which I mentioned in the general discussion and agreed to have stand over, and that is the question of the natural health resources of this country. I took occasion in the committee to speak of it, and on other occasions I have spoken at length on Canada's natural health resources. I am not going into the details. I only say that I am still convinced Canada has the greatest natural health resources in the world. If we had the proper research to develop them Canada, and in particular British Columbia, would become the health mecca of the world. We have a potential multi-million dollar industry, but so far we have not done anything about it. Last year the minister was kind enough to say he

was interested. If we refer to page 6286 of *Hansard* for July 16, 1955, we find that I said this:

> But I hope the minister who, I understand, is interested in what I have said, and has made some inquiries, will give some indication of his stand at the present time and tell us if something is going to be done in the next year or two, or in the next five years perhaps, in the matter of research and development.

Then the minister said:

> My hon. friend may be sure of my deep interest. This matter is now being discussed, as a matter of fact, with the Charles Best institute . . . in Toronto, and a project is possibly under way. In any event, the matter has been referred to the research committee and it is being given further attention.

In view of this statement by the minister last year about research and the Charles Best institute, would he kindly give us a report as to what has taken place in the past year?

Mr. Martin: I am sure I express the view of every member in this house when I say that one is reminded, when the hon. member speaks, of the fact that he himself has unfortunately been indisposed for some months now and has been a sufferer in one of the Vancouver hospitals. Several months ago we told him how glad we were to see him back, and perhaps I would be permitted to do so again at this particular moment.

With regard to the other matter, it is one on which there is a divided opinion scientifically, as to whether or not there is value in that particular form of research. Last year I indicated my own personal interest in the matter, along with that of the hon. gentleman. We did discuss the matter with the director of the Charles Best institute, Dr. Best himself. Dr. Best felt that since at this particular moment he is engaged on a program of research he could not disturb it with advantage at this time, and quite properly so. The matter was discussed as well by me and by one of my officers with another research director who is now giving consideration as to whether or not his program of research in his centre—he has a very important cancer project under way—could be fitted into this particular field, because this one is not a specific subject. This is one, as my hon. friend knows from his interest in it, that covers a very wide field.

I can only say to him that the matter had not escaped my interest even before he raised it. I can assure him, as I think I did privately, of my own personal interest in the matter. These researches cannot be undertaken by us; they have to be undertaken by particular medical scientists. They have to be people who can fit into their program. I certainly hope that will be possible.

[Mr. Winch.]

With regard to the hospital construction matter that my hon. friend raised earlier, our objective, when we brought in the national health program, was to assist in the building of 60,000 beds in a period of 10 years. We have exceeded that objective. I am not saying there is not much to do yet. Of course there is; there always will be in the field of health, but I think, as I said a moment ago, that the combined efforts of all of us, of all jurisdictions and of people generally in this field, have been notable in this country, and we have every reason to be proud. We estimate now there are about 25,000 beds to be built. That number will increase as the population increases. That represents pretty much the current need, but it does not create, in these terms, the problem that might be suggested by the mere mention of the 25,000.

I agree fully with what my hon. friend has said about chronic beds. The reason we have a higher grant for the chronic, as opposed to the acute, is in part the reason he himself mentioned a moment ago. We wanted to encourage the provinces; we wanted to encourage private institutions to pay more attention to chronic care and to building institutions for chronic keep, and we have not succeeded. When I say "we" I mean all of us. I have sought in declarations I have made from time to time to keep emphasizing the importance of chronic care. Of course one of the finest chronic hospitals in Canada is St. Mary's in London. I mention that to those who are interested in this work. If they will go there they will see what can be done in a chronic institution. I can only hope there will be an increasing interest in this phase of the matter.

My hon. friend said that one way to do it is to increase the amount. All I can say at this time is that that matter, of course, continues to receive our attention.

Mr. Gillis: I should like to ask the minister a question. These general health grants to the provinces are matching grants?

Mr. Martin: Not all.

Mr. Gillis: A lot of them are.

Mr. Martin: The hospital construction grant is; the cancer control grant is; the rehabilitation grant is in part; the laboratory and radiological services grant is in part; the venereal disease control grant is. All the rest are not.

Mr. Gillis: What I would like to find out is this. A certain amount of money is available to each province each year, provided it can match the grants that have to be matched. Can the minister give us the amount of money that was available last year

to each province and how much of it was taken up? I think it will partly answer some of the questions.

Mr. Martin: It is a very long list. Does my hon. friend want me to table it, or does he want me to go through the whole list? It is quite an extensive table.

Mr. Gillis: If the committee is agreeable, table it.

Mr. Martin: There are the general public health grants, which are not matching; there is the tuberculosis grant, which is not matching; there is the mental control grant, which is not matching; there is the research branch, which is not matching; and the professional training grant, which is not matching. The hospital construction grant is; the cancer control grant is; the child and maternal health grant is not; the rehabilitation grant is, in part. Therefore my hon. friend will see that over two-thirds of the money made available by the federal government to the provinces is not on a matching basis.

Obviously the money must not be given unless for good purposes. I am not criticizing the provinces for this, but sometimes for personnel and other reasons they have not accepted the moneys. For instance, I shall take my hon. friend's own province of Nova Scotia. The amount available to Nova Scotia last year was $2,480,581. We have approved projects in the amount of $2,041,000. There is a free balance left of $438,000. That is for Nova Scotia. If I file this table it might be of interest to my hon. friend.

Mr. Gillis: That is fine.

Mr. Martin: With the permission of the committee I will table it.

Mr. Thomas: Could we have it in *Hansard* at this point?

Mr. Martin: Yes, it is going in now.

The Deputy Chairman: Is it agreed that the Minister of National Health and Welfare can include this table in *Hansard* at this point?

Some hon. Members: Agreed.

Mr. Martin: The table follows:

HEALTH GRANTS ANALYSIS TO MAY 23, 1956 (FINAL)

FISCAL YEAR 1955-56

Summary by Provinces

Province	Amounts Available	Projects Approved	Percentage Approved	Free Balance	Expenditure
	$ cts.	$ cts.	%	$ cts.	$ cts.
Newfoundland	1,266,211 00	1,097,038 86	86·6	169,172 14	1,008,285 49
Prince Edward Island	521,104 00	367,880 75	70·5	153,223 25	357,060 21
Nova Scotia	2,480,581 66	2,041,754 74	82·3	438,826 92	1,561,825 00
New Brunswick	2,497,938 66	1,445,294 50	57·8	1,052,644 16	1,293,145 76
Quebec	15,007,060 87	11,091,529 50	73·9	3,915,531 37	10,115,525 45
Ontario	16,837,846 20	12,450,288 44	73·9	4,387,557 76	9,156,973 10
Manitoba	2,940,738 75	2,473,743 09	84·1	466,995 66	2,184,600 03
Saskatchewan	3,682,990 00	3,260,569 29	88·5	422,420 71	2,833,091 24
Alberta	3,579,281 00	2,848,654 92	79·5	730,626 08	2,553,897 67
British Columbia	4,288,660 75	3,181,497 10	74·1	1,107,163 65	2,426,389 85
Northwest Territories	103,209 00	37,069 66	35·9	66,139 34	23,261 79
Yukon	65,884 00	16,141 00	24·4	49,743 00	14,797 85
Public health research (unallotted)	6,787 11	.....	.....	6,787 11	.....
Total	53,278,293 00	40,311,461 85	75·6	12,966,831 15	33,528,853 44

Mr. Gillis: The minister said that $400,000 was available to Nova Scotia last year that was not paid out. Was that because of inability to match the grant?

Mr. Martin: No, it was not all matching. A portion of it was for hospital construction. Hospital construction was the largest amount, $183,000; $8,000 for crippled children; $4,000 for professional training; $35,000 for mental health; $3,000 for general public health, and so on.

Mr. Richardson: Mr. Chairman, notwithstanding the legitimate differences of opinion members in different parts of the house may have on many problems, it is rather a satisfaction that we have now spent some hours today discussing those problems which concern human distress, and that no party and no individual in the house has any particular monopoly on compassion and regard for those problems. It is with some diffidence that a member who does not belong to the medical profession speaks on a subject with relatively little knowledge; but I want to add just a few words at this time which I think properly comes under this vote, Mr. Chairman. I refer to the matter of mental health.

The minister may recall that on the opening day of the session, and for some weeks, there stood in the name of the member for St. Lawrence-St. George a resolution to the effect that a national survey might be called under the leadership of his department, in co-operation with the provincial authorities and other groups in Canada, with respect to the question of mental illness. Members here, who are all relatively well informed, need not be told about the problem of mental health in Canada at this time. We are all pretty well aware of a real interest in that aspect of illness.

I think we as Canadians might take some degree of legitimate pride in the fact that Canada stands somewhat in the forefront in what is being done in this field. It may be, Mr. Chairman, that while we are giving consideration to the question of mental health today we should not be too smug, because it is possible that throughout the country there may be little clusters of men like ourselves in mental institutions who are trying to decide what they should do with us here. It is a question of relativity and of degree. I am not at all certain, Mr. Chairman, that I would want to pass an intelligence test for admittance into this honourable chamber at this time of my life.

I think we are all seized with the importance of mental illness, and this is borne out by the fact that in a constituency such as I have the honour to represent we have one of the great international institutions in this field, the Allan Memorial Institute presided over by one of the leading psychiatrists of the world, Dr. Ewen Cameron.

My proposition, Mr. Chairman, is one which I suggest requires no money from the government of Canada. Even within the vote the minister has under this item it may be that his department would give the necessary leadership in encouraging private institutions, provincial medical authorities and the professions themselves to make what I would call a reappraisal of the whole problem of mental illness. If that is done, and if additional money is required, then I am sure those great benefactors throughout Canada, both private and corporate, who are interested in this problem would gladly respond in providing whatever funds are necessary for this service.

Therefore, Mr. Chairman, while the house has not been required to engage in a long debate on the resolution standing in my name, I thought it only right in the interests of all my fellow Canadians who are suffering from mental illness today and who have very few to serve as spokesmen for them, that all of us in this chamber and our friends and relatives who are more happily blessed should take a moment to suggest that notwithstanding the great work that is being done by provincial and federal authorities, by the profession itself and by helpful and compassionate individuals, we all might take a new look at the whole question of mental illness and make a national survey in order that this modern pestilence may soon be obliterated to the extent that we as decent people in our modern society might expect.

Mrs. Fairclough: Mr. Chairman, I would like to ask the minister a question with regard to the general health grants which are participated in by the provinces, and in particular a grant which has heretofore been made to St. Patrick's College under the mental health training project for psychiatric social work, which in 1954-55 amounted to $2,739 and in the preceding year to $2,600. It is my understanding that this project was approved by the Ontario department of health but was turned down by the federal authorities. The grant was used to pay part of the salaries of a lecturer in psychiatry and the professor of psychiatric social work. Would the minister say what reason there is for reducing what is a small grant in so far as the department is concerned but a very important one so far as the college is concerned?

Mr. Martin: My hon. friend said it was approved by Ontario. That is not exactly

the case. If this grant was made available it would be made by the federal government on an application sent to us by the Ontario government. They are only the channel in that sense; they do not contribute anything.

Mrs. Fairclough: I grant the minister's remarks. I had not intended to imply it was a 50-50 arrangement, but is it not true that the provinces ask for approval of these grants?

Mr. Martin: They are passed on to us. We took the position that it was mainly a social work grant. We had given assistance before. It was a grant for work that had some element of mental health in it but it was basically for social work. We felt in fairness to other similar applications where there was a greater emphasis—I do not say a greater work but a greater emphasis—in this field we would have to give the matter consideration, as we did.

Mrs. Fairclough: I hope the minister will reconsider, because as I understand it this will have a disrupting effect on the continuity of the service.

Mr. Martin: I am very familiar with the situation.

Mrs. Fairclough: I am sure the minister must be, but it has just come to my notice.

Mr. Martin: I thank my hon. friend for mentioning it.

Mrs. Fairclough: The minister will continue to consider the matter, will he?

Mr. Dinsdale: I would just like to make a brief comment on the topic raised by the hon. member for St. Lawrence-St. George. On February 14 last I received an interesting return on the subject of mental health in Canada which indicates it is a problem, as was pointed out by the hon. member, that is of growing significance in Canada. For example, in the period from 1950 to 1954 there has been an increase in the total number of admissions of mentally ill patients to hospitals. In 1950 the figure was 16,411 and in 1954 the equivalent figure was 29,351.

It is very important, of course, that we provide institutional care for this type of illness, but coming to the next heading I think it brings us to an even more important approach to the solution of this problem. There is an active movement on the part of the laity to do something about this increasing problem. For example, the White Cross appreciate that the best solution to the difficulty is not necessarily within institutions, but rather it lies in trying to rehabilitate our mentally ill and emotionally ill within the framework of society itself.

Considerable progress has been made in encouraging volunteer interest in this important aspect of the problem. It seems to me, however, Mr. Chairman, that the laity needs some professional guidance, and that guidance must come mainly through the phychiatric social workers.

According to the information I received in this return it would appear we are somewhat deficient in the number of trained psychiatric social workers available in this country. In the year 1954, the last year for which figures are available, the total number of psychiatric social workers employed on a full-time basis right across Canada was 37. If one looks at the provinces one finds that Newfoundland has one, Prince Edward Island none, Nova Scotia two, New Brunswick four, Quebec 15, Ontario 10, Manitoba one, Saskatchewan two, Alberta two and British Columbia none.

That obviously is a very inadequate number to deal comprehensively with this volunteer approach to the subject. Could the minister inform the committee what steps are being taken to make available a greater supply of trained psychiatric social workers?

Before I resume my seat I should like to say to the hon. member for St. Lawrence-St. George that I hope he will repeat his motion next year, so we may have a chance early in the session to have a comprehensive discussion of this matter.

Mr. Martin: Last year we trained 236. I want to say to the hon. member for St. Lawrence-St. George that I am well aware, as I am sure the committee is, of his great interest in this matter long before he came here. I want to thank him for the great work he has done as a layman in connection with the Montreal mental health association. I can only say to him that the problem on which he has focussed our attention is an important one.

It is true that mental illness is one of our serious major problems, but not any more serious than it is in the United States and other countries. I would not want to make odious comparisons, but it is a fact that the number of people who are going into institutions is on the increase. That should not be taken necessarily as an indication of the deterioration of the human body in this country; it is largely an indication of the new techniques of diagnosis, the greater skills which are available and the type of institutional care that is provided.

I should like to emphasize that in seeking to do what we can do with the moneys provided by the federal government we must recognize that these are problems which engage the attention of the provincial departments of health, which have the primary

responsibility. Our role is one of co-ordination and supplementary assistance.

We have sought to give emphasis to two things in this field. First is prevention and treatment. We now have in existence some 105 mental health clinics, whereas when this program began eight years ago there were only 15. The purpose of these clinics is to reach the mentally ill person before his illness takes on a maturity which justifies confinement. These clinics, together with the child guidance clinics we have established on a pilot basis in a number of centres, are proving most valuable in our program of prevention.

The second aspect to which we are seeking to give emphasis is in the field of research. My hon. friend has mentioned the Allan Memorial institute in Montreal, which is carrying on most important research work. We are giving grants to other places for this purpose as well. My hon. friend may be assured, as indeed the committee may be assured, of our great interest in this problem. I have always felt, and I feel and say now, that one of the ways in which we of the western world can demonstrate our capacity to provide a desirable form of society is by the interest we take not only in this particular matter but in all matters having to do with health.

I want to pay tribute to the voluntary organizations in this country for the work they have done in the field of mental health, and I want to pay a special tribute to the Salvation Army. I know some of the work they do, as does the hon. member for Brandon-Souris, particularly in the city of Toronto. I repeat my tribute to them as well as to all religious bodies for the work that is being done.

Item agreed to.

Grants to health organizations—

265. Canadian mental health association, $10,000.

Mr. Zaplitny: What procedure is followed in deciding whether a grant shall be made under this item? Is application made to the federal government, or does the province in which the organization is located make an application on its behalf?

Mr. Martin: There is a variety of methods. Most of them come to see us personally, and where it is said to be a national organization we seek to establish whether in fact it is such. An organization may have a name which suggests it is national in scope when actually it is regional or even community in scope.

Mr. Zaplitny: What criteria are used to decide whether an organization is national in character?

[Mr. Martin.]

Mr. Martin: If they carry on operations in all provinces or in a greater number of provinces.

Item agreed to.

266. Health league of Canada, $10,000.

Mr. Knowles: During the sittings of the committee on estimates several hon. members asked the minister if consideration was being given to increasing the grant to the Health League of Canada. I have not the record before me, but my recollection is that the minister gave one of those kindly answers in which he paid tribute to those carrying on this work. Has his kindliness reached the point where he will recommend an increase in this grant?

Mr. Martin: My hon. friend will appreciate that we get many requests and have only so much money. I can only say in regard to these grants, some of which are shown here and some of which are still under consideration, that they are matters that are considered in the department. When we come to prepare our estimates next year I shall be in a better position to give my hon. friend an answer. I can assure him of my great sympathy with the work of the Health League of Canada.

Item agreed to.

Welfare branch—

Family allowances and old age security—

278. Administration, $2,693,059.

Mr. Knowles: Mr. Chairman, it is not my intention to repeat at length the points I made when I spoke yesterday on the first item with respect to the amount paid to our old age pensioners. Neither is it my intention to get involved in the arguments which developed this morning when the supplementary payments made in the various provinces were being discussed. Rather I rise simply to remind the minister that in the view of an increasing number of Canadians it is the responsibility of the federal government to see to it that our Canadian senior citizens have a decent standard of living.

As far as I am concerned, it does not help the case of our senior citizens when hon. members suggest that part of this responsibility should be borne by the provinces. As I said yesterday, when you put any portion of this responsibility on the provinces you are calling for a reinstatement of the means test, at least to a certain extent. The only jurisdiction with sufficient resources to provide old age pensions on a universal basis for all Canadians as of right is the federal government.

Once again I urge the minister and the government to consider the needs of our people and in the light of the increased resources of this country do something at an early date to raise these pensions.

I suggest to the minister that it is not the part of wisdom for him to criticize and speak against those of us who urge an increase in the old age pension, because if he stays in his present position I am sure, as he is, that it will not be much longer until even he and even the government of which he is a member will have to do something about this important problem. There are rumours about a certain event in the political life of Canada which may take place on October 29 of this year or June 17 of next year or somewhere in between.

Mr. Martin: Do you want me to tell you when?

Mr. Knowles: I do not suppose that the Minister of National Health and Welfare really knows, any more than I do, the precise date for the election. These are the suggested dates: October 29, 1956, June 17, 1957, or some date in between, say in April or May of next year.

Mr. Martin: We are bound to have an election within the next two years.

Mr. Knowles: And the chances are that it will be on Monday, since that is what is provided under the Canada Elections Act. I suggest that with a surplus developing in the federal treasury, with an increased gross national product, which means that at the present tax rate still more money will come in, and in view of the fact that with the easing of world tensions there is likely to be quite a substantial reduction in the national defence budget next year, there is quite a possibility that the Minister of National Health and Welfare will make headway with his colleague the Minister of Finance and get out of him money not only for health insurance but for an increase in the old age pension.

I suggest, therefore, that instead of criticizing those of us who advocate that an increase be made, he should take these appeals to heart and realize, as I am sure he must, that this government does not dare face the people of this country without doing something about this issue on which there is growing feeling. I urge with the least possible delay an increase in the old age pension.

Mr. Martin: My hon. friend and many others have spoken on this subject all through my estimates, and this is the first chance I have to make a reply which I think should be made from this side. My hon. friend referred to the Minister of Finance. He need not seek to select one member of the government as against any other, because the fact is that every member of this government is as interested in these problems as any other member of this house, and the Minister of Finance is certainly as interested as is the hon. member.

Mr. Knowles: That is good.

Mr. Martin: With regard to old age security, we on this side of the house need not apologize for what we have done and are doing for the aged citizens of this country. We are now spending more for old age security than any other country in the world on a comparative basis. We are the only country that has a non-means test system. The other day the hon. member for Broadview mentioned the United States system, and I am sure the hon. member for Winnipeg North Centre would agree with me that he would not want to compare the project that came out of the old age security committee a few years ago with the kind of suggestion which was made by the hon. member for Broadview, when in fact the committee recommended against the particular suggestion the latter made.

Mr. Knowles: In principle the minister's statement is correct, but not with respect to the amounts that are paid.

Mr. Martin: It should not be forgotten that this year alone we have increased our total commitments to the aged by some $11 to $12 million. Ninety-five per cent of the moneys that are paid for old age security and old age assistance in this country comes from the taxpayers of Canada, under policies proposed by this government in this house. That is the fact. I think the hon. member for Prince Albert pointed out this morning the desirability of making sure that we should recognize that the provinces have their responsibility in this particular as well as the federal government, and I think that is true. I recognize the validity of what my hon. friend said about trying to maintain the non-means test character; but at the same time, whilst we are giving consideration to these problems—I wish to say that the government's policy will be announced when the government is in a position to do so—I may say that nevertheless we should not overlook the fact that the federal government is not in any way dragging its feet in the provision it is making for the aged citizens of this country.

In Newfoundland the federal government provides $7,599,405; in Prince Edward Island, $3,313,000; Nova Scotia, $18,411,000; New Brunswick, $13,246,000; Quebec, $77,110,000; Ontario, $134,644,000; Manitoba, $21,953,000; Saskatchewan, $22,331,000; British Columbia,

$44,657,000; Alberta, $22,681,000. The whole cost of old age pensions three years ago in Canada was only $10 million more than the $77 million we are now paying to the province of Quebec, and it was not as great as what we are paying to the province of Ontario, $134 million. So anyone who says this government is not doing its duty to the aged is stating something not in harmony with the facts.

We have no reason to be ashamed on federal account of what we are doing for our senior citizens. I could not help feeling that it was unfair this morning—and I am sure the hon. member for Winnipeg North Centre will agree—when one of the hon. members sitting behind him referred to myself, heartless man that I was, because I would not recommend any increase for the aged of our country. I want to say to the hon. member, who is not in his seat, that I take second place to no man in this house for what I have sought to do for the aged of our country. Since I have been a member of the government we have made important modifications in the old age security program. We have increased the amount. We liberalized the income ceilings before we had the non-means test program, and we have conducted ourselves in a way that I think justifies my saying, with all those who sit to Mr. Speaker's right, that we do not need to hesitate at any time to face the people of this country for what we have done for the aged and for other sections of the people.

My hon. friend keeps mentioning elections. I assure him that in this particular matter we can hold our heads high, because no government anywhere in any part of the world has done so much as this government has done for the senior citizens of our country.

Mr. Knowles: Five o'clock.

Progress reported.

INDUSTRIAL RELATIONS

PROVISION OF ANNUAL HOLIDAYS WITH PAY FOR EMPLOYEES

The house resumed, from Friday, June 15, consideration of the motion of Mr. Knowles for the second reading of Bill No. 211, to provide for annual holidays with pay for employees.

Mr. Elmore Philpott (Vancouver South): Mr. Speaker, I think I had the honour of adjourning the debate the last time this matter was before the house. May I say I also have to be very careful because I remember that at one time earlier in the session when one of the hon. members opposite had two items standing in his name on the order paper, I spoke on the wrong item. There was one on which I intended to support him and another on which I intended to oppose him, and as the house will remember I spoke on the wrong one.

I am in somewhat the same spot today, because with respect to one of the items standing in the name of the hon. member for Winnipeg North Centre (Mr. Knowles) having to do with holidays I intend to oppose him, but as far as this particular bill is concerned, although I was taken by surprise last time and only entered the debate under the exhortation of my friend the hon. member for—

Mr. Knowles: Comox-Alberni.

Mr. Philpott: —Comox-Alberni (Mr. Barnett), I have had some time to think about it in the meantime and I have decided that this bill is worthy of all the support I can give it.

I may say I have come to that conclusion after thinking over carefully not only both sides of the question but all sides of the question. Quite often I find my heart on the same side as a good many of the hon. gentlemen opposite but I often find my head on the other side, or perhaps I should say my pocketbook. Quite often I am thoroughly in agreement with a good many of the things they suggest, and we on this side are presenting them to our own cabinet ministers. We have to press for them both in public and in private and the argument we have to meet is well, where is the money going to come from? I think some of my hon. friends on the other side do not always have to meet that argument as we do.

Therefore we have to watch our step as to what we support, but I do think that in this case that consideration does not enter into the picture, because the question of public finances is not involved in Bill No. 211. I will state frankly, Mr. Speaker, that one of the things that would incline me to oppose the bill at first glance would be that it seems to me that this parliament or any other law-making body should never pass a law where what is to be covered has already been covered by the people in the ordinary course of their own actions.

I submit that if we examine the general situation with respect to holidays with pay in Canada we will find that by and large the people of Canada have solved their own problems very satisfactorily with regard to this matter. We also know that the bill applies only to the minority of workers in Canada who can be covered under our constitution by federal legislation, and that the vast majority of workers are covered by provincial legislation.

I find that six provinces already have legislation similar to that proposed here. They are Quebec, Ontario, Manitoba, Saskatchewan, Alberta and British Columbia. British Columbia and Saskatchewan have the best laws. Modesty prevents me from saying which is the absolute best, but Saskatchewan is not so very far behind.

I find that only 400,000 of Canada's total working force of more than 5 million could be affected in any way, even theoretically, by the bill proposed by the hon. member for Winnipeg North Centre. I also find that of the 400,000 workers who could be theoretically affected by the bill, 93 per cent of them are, by and large, already covered fairly satisfactorily one way or another by arrangements which they have worked out themselves, either as the result of collective bargaining or through the ordinary business processes involved in the relationship between employer and employee.

The matter boils down to this, that only about 7 per cent of the workers who could theoretically be covered by federal legislation might get some real and immediate benefit under Bill No. 211, advanced by the hon. member for Winnipeg North Centre. Therefore it seems to me that we have to ask ourselves what is the advantage of passing such a law if only a minority can be effected in any event and only a small fraction of that minority are already outside the limits of the benefits proposed in the bill.

After careful reflection I have come down on the side of the hon. member for Winnipeg North Centre with respect to this matter, because it does seem to me that the parliament of the Dominion of Canada has a moral obligation to set a good pace in all measures for human betterment, and I certainly do not think that in any matter involving wages, working conditions or that sort of thing it should ever be left to the national government of Canada to fall behind any of the provinces, even the most progressive provinces of Canada such as we have in the far west.

Therefore I have decided to lend whatever support I can to the passage of the bill. While I have no doubt that if the bill gets to the industrial relations committee we will be able to improve some of its details, by and large I think it is a good bill worthy of support, and I commend it to the consideration of the house.

Mr. Knowles: May I ask a question?

Mr. Philpott: Before we come to the hon. member's question, let me state something quite openly and in so doing continue the bad habit I started in the first part of my speech two or three weeks ago when, as I said, I was thinking out loud. There is one real objection in my mind, and that is the one I mentioned the last time although I did not pick a very good illustration of it because I referred to the floor price on butter. I suggested offhand that the floor price on butter tends to become the ceiling price on butter, and some of my city friends have pointed out that is not necessarily so, that in Canada the commercial price of butter is often quite a lot higher than the floor price, as we all know.

But I do believe the hon. member for Winnipeg North Centre and all of us should think about this aspect of the problem, too. Is it a fact that if you enact a law establishing a floor under working conditions, that floor tends to become the ceiling? I know that in the old days the old fashioned trade union leader very familiar to my good friend the hon. member for Cape Breton South (Mr. Gillis), never wanted the government to do anything for him except to keep their hands off his business and let him run his show in his own way. The old fashioned trade union leader always considered that a minimum wage became the maximum wage, and therefore in the earlier years it was their tendency by and large to oppose all such things as minimum wages and provisions of a similar type. But I have noticed in later years, as the organized trade movement in Canada has got bigger, stronger and broader—maybe it is better, though I do not know; I do not think it is better in all ways but certainly it has become more powerful—it has swung around more and more to the idea of legislative action when legislative action might tend to assist general working conditions.

The final thing which has influenced my judgment that the bill deserves support and that we should send it to the industrial relations committee to see if we cannot improve some of the details is that it seems to me that all laws having to do with working conditions and labour are tending to reduce disagreements over those things that some call the fringes, those things on the fringes that tend to cause disputes or that sometimes lead to injustices even if it is to a small minority of the workers.

I am not one of those who believe it is better to leave all these things to collective bargaining or fringe benefits which may be offset against increases in pay and working hours. It seems to me it is much better, where legislation fits the case, to make as fair a basis as you can for the general problem you have to meet, and leave the ordinary

process of collective bargaining to deal with the really tough things which are always working conditions and wages.

Has the hon. member a question?

Mr. Knowles: Yes. I wonder if I might ask the hon. member this question. When he gives the figure of 93 per cent as the percentage of employees under federal labour jurisdiction who already have substantial holiday benefits, does he not feel he should make it clear that the 93 per cent includes those who get two weeks' holiday with pay only after as long as three years service, and that only 47 per cent get what this bill provides, namely two weeks' holidays after one year's service? In other words, is it not correct to say that instead of just 7 per cent of the employees gaining by the passing of this bill, something over 50 per cent of them would gain by the passing of this legislation.

Mr. Philpott: I think that is true. I believe the table which the minister put on *Hansard* at page 3837 sets the whole thing out very clearly. It is obviously true, as the hon. member for Winnipeg North Centre says, that a lot of them would get their two weeks' holidays with pay who would have to work for longer than is provided in this bill. As against that I think there is a very real argument that we would have to consider, and that is whether or not, in fact, the floor does tend to become the ceiling. As I say, on balance I certainly think this bill is one that deserves the support of all the progressive members in the house, at least to the extent of sending it to the industrial relations committee and discussing it there to see what we can get out of it.

Mr. Clarence Gillis (Cape Breton South): I should like to say a few words in support of this bill. In his remarks the hon. member for Vancouver South (Mr. Philpott) suggested that the old type of labour leader wanted a hands off policy. Well, I think the reason for that attitude in that period was that he did not have very many friends in parliament or the legislatures of the country. They were mystical bodies that he looked upon with a great deal of suspicion. Since that time employers, governments and labour leaders have grown up, and today they try to do their business on a business basis.

Now, I should like to say that while this bill only applies to organizations under the federal government, as the hon. member for Winnipeg North Centre pointed out, about 50 per cent of those who would come under this particular bill would benefit by its passage. In my judgment the important thing to remember is this. The federal government, as an employer, should set an example to other employers in the country. While the idea that these matters should be ironed out by collective agreement is a very good one, we must remember that in our labour force in this country today, some 5·5 million approximately, there is a very small organized percentage who have the right to make collective agreements. There are only about a million and a half out of that 5·5 million. It is the example that would be set by the federal government in this matter to other employers in the country that would be of benefit.

With the great bulk of the labouring force in Canada unorganized and having no opportunity to bargain in matters of this kind, there is a need for this legislation. There are only two provinces in Canada that have legislation similar to this on their statute books, and they are British Columbia and Saskatchewan. In those provinces, whether or not you are organized and sign a collective agreement, the employers are bound to live up to the laws with respect to holidays with pay. Other provinces have not that kind of legislation.

I suggest to the minister that in view of the benefits that would accrue to those who come under federal jurisdiction, and in view of the example the federal government would be to other employers across the country and to the provincial governments which have not similar legislation, he should accept this bill. He should concede that, perhaps after working 365 days in any industry in this country, the workers in that industry should be entitled to a holiday with pay. It is all right to depend on the generosity of the employer, but there are many of them who have employees who do not get any holidays. In my judgment this is one of the best examples the federal government could set at this time to either the provincial governments or to employers across this country.

Mr. Gregg: My hon. friend should have said 260 days instead of 365.

Mr. Gillis: Yes, but a lot of them work Sundays, too.

Mr. C. E. Johnston (Bow River): I should like to add a word regarding this bill. First of all I should say that we agree with the principle of it, but I do think the bill should be sent to the committee on industrial relations so it could receive a full clause by clause study. It does seem to me that the hon. member for Cape Breton South (Mr. Gillis) was correct when he said there should be no question in anyone's mind, either inside this house or outside, that after a person has

worked for 52 weeks he is entitled to a week's holiday with pay. I think that is a general principle that is accepted by almost everyone across the country. If we cannot so arrange our industrial or any other type of development as to allow our workers at least two weeks' holidays with pay, it does seem to me there is something wrong.

It is true that it can be said this should be the subject of negotiation between employers and employees, but I am of the opinion that it would not do any harm to have legislation on the matter, because it is only a humane act to start with. It is something that should be taken care of by legislation rather than by negotiation. I do believe, too, that many of the provinces apply all these conditions, but the federal government is the one that should take the lead and set the example to the rest of the provinces. If the federal government took that lead, I think a great many of the provinces would follow. Of course, that does not offset the fact that we should have this principle implemented so far as the federal field is concerned.

I do not think there is anything more I could usefully say that would not be a repetition of what has been said. There are some clauses in the bill about which I am not too sure. The hon. member for New Westminster and myself have gone over the bill rather carefully, and I think it would be of advantage to the house—I cannot see any disadvantage to the hon. member for Winnipeg North Centre—if the bill were sent to a committee for thorough study. I believe there are places that can be improved, but I want to state here and now that we agree with the general principle of the bill.

Mr. C. W. Carter (Burin-Burgeo): When I first read this resolution my first reaction was one of a faint sort of hope, born no doubt of wishful thinking, that its scope might be broad enough to include members of parliament. But after I got down to a serious study of the bill, and read particularly the explanatory note as to its purpose, I could not help but think what a great pity it is that such legislation is even necessary, because we are all our brothers' keepers whether we are employers or employees, and certainly annual holidays are in the interests of both.

In the world in which we live today, annual holidays are a necessity for health and for efficiency, and because of that they are in the national interest. Furthermore, the economic cost of annual holidays to employees is more than recovered in the gains to industry through less absenteeism on account of ill health and greater production on account of better efficiency. Not only that, but we are living in an age when our way of life is challenged, and we are proponents of a way of life which is primarily based on the importance of the individual.

All our democratic system and all our democratic institutions have been built up on that principle, and certainly in an age of ideological conflict we cannot afford to forget that even for one minute. But on the other hand, Mr. Speaker, as I reflect more deeply on the bill, I must come to the conclusion that in one sense it hurts our democratic system, because of necessity it removes responsibility from the individual and we cannot remove responsibility without at the same time removing freedom of choice. These two factors are absolutely essential for the preservation and the development of our democratic way of life.

The explanatory note says that the purpose of this bill is to provide that all employees in Canada who come under federal labour jurisdiction be granted at least two weeks' holidays with pay after one year of employment. Certainly the stipulation of paid holidays is also a necessity because in our high cost society that we have built up here in Canada few employees can afford holidays without pay, and few can save up enough to enjoy a really good vacation out of their savings.

I think the important thing to remember about this legislation is that the key to this problem is not the number of employees affected but the number of employers, because it rests with every employer to grant these concessions to his employees whether they ask for them or not. I know it is pretty well admitted that the majority of our employers throughout Canada have already granted holidays with pay and that, as has been pointed out by the hon. member for Vancouver South, only a small percentage of employees of the total working force of Canada will benefit from this legislation, but I think proportionately the number of employers will be smaller still.

The point I wish to make, Mr. Speaker, is that this very small group of employers, by shirking their responsibility to care for their employees, are doing a great disservice to the cause of democracy, because it is their irresponsibility that has made this legislation necessary. I have always been grateful that I had the opportunity of taking my university training in the field of science, because an understanding of the great laws that govern the forces of nature help very much to understand the human forces that control society. One great natural law is the

balance of forces. All the great forces of nature are very neatly balanced, and I think the greatness of Shakespeare as a dramatist lies in the fact that he understood, perhaps more than any other writer of his day, how the internal forces inside of people are also very nicely balanced, and when that balance happens to be upset by a chance happening, or by some flaw in the human character, then these forces have to work themselves out until a new balance has been established. The working out of these forces can often lead to tragedy. It perhaps leads to tragedy more often than to the happy ending which we call comedy.

If a very small number of employers do not treat their employees properly the question naturally arises, why not? What forces are at work preventing their doing it? Are they forces of greed for more gain; are they forces of fear that industry cannot stand the extra cost; or are they purely economic forces which prevent their doing so? I think it is necessary to know, because the great challenge which the free world faces today has arisen from these human forces borne of a sense of injustice and a sense of neglect, which have come about primarily because capitalism failed to realize it is not enough for enterprise to be free. Besides being free enterprise must also be responsible.

I would like to see more emphasis on scientific training in our schools and particularly in our business colleges, because if employers had a better knowledge of the forces of nature I think they would also have a better understanding of how human forces work and of the consequences that would result from their actions.

I have made these observations, Mr. Speaker, because I find myself in a peculiar position with respect to this bill. As far as the principle is concerned no one can disagree with it at all, and I certainly give it my hearty support. On the other hand there is some doubt in my mind as to whether this is the best solution to this problem. As a parliament of Canada our aim should be to build up through the country a system of free and responsible enterprise. How can we ever develop responsible enterprise if government is continually going to intervene and take upon itself responsibility that more properly belongs to the individual? How much better it would be if every employer did the right thing, not because there is a law which compels him to do it but because it is the right thing to do. In those circumstances this type of legislation would not be necessary.

I would hope that the Minister of Labour might consider setting up somewhere in his department—perhaps he already has the machinery with which to do it—some machinery to survey problems like this so we would know exactly how many employers are not treating their employees responsibly, and not only that but also the reasons they are not doing so. We should also have machinery established to assist them to do the right thing. If it is clearly a matter of management or efficiency, then it would be much more positive for us to have someone go into that business and give the necessary assistance in order to enable them to do the right thing merely because it is right.

It seems to me this age is labouring under two misconceptions. One of these is that human nature cannot change. There are hundreds of thousands of people in the world today who can prove that this conception is contrary to the fact. There is abundant evidence in every part of the world to prove that human nature can change and will change voluntarily much more quickly than under legislative compulsion.

The second great misconception is that present social evils will be cured by increased social justice, more education and a greater sharing of wealth even if it is done through compulsion. I am convinced the cure will not come in that way. We cannot obey all the laws we have now, and the only way this problem is really going to be solved is by finding the answer to our human weaknesses. Unless we do find the answer to our human weaknesses humanity will go from crisis to crisis until lawless dictatorship takes over.

Therefore I would suggest that whenever we deal with any social problem of this kind we should know exactly what it is with which we are dealing and all the pertinent information should be obtained. In this case we should know how many employers and employees are involved, and the reasons for their not employing methods which we consider today to be simple elementary social justice. I would like to see this legislation deferred until the Department of Labour has had an opportunity to make this survey and obtain this information, and until it has been able to give more thought to the question of finding a better solution than that presented by passing more legislation.

It seems to me that this type of legislation, which little by little encroaches on the freedom of the individual and limits more and more the freedom of choice, is in the end going to defeat its own purpose because as I see it the answer is responsible enterprise. This represents democracy applied to industry and to economics, and I fail to see how we will ever preserve democracy by curtailing freedom.

Mr. Knowles: Mr. Speaker—

Mr. Deputy Speaker: If the hon. member for Winnipeg North Centre speaks now he will conclude the debate.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, if my counting is correct I believe that nine members of the house have spoken to the second reading of this bill. I am encouraged as I check over the positions taken by these nine members, in that seven have indicated they are in favour of the bill or at least that they support its principle. The eighth member, the hon. member who has just taken his seat, seems to find it difficult to believe laws have a place in establishing rights for people, but nevertheless even he is in favour of the principle set out in this bill, namely that workers should have two weeks' holidays with pay after one year's service.

That accounts for eight of the hon. members who have spoken. There is only one other, and of course he is a rather important person. I refer to the Minister of Labour. He did not indicate that he could support the bill. He did not say he was against it nor that he was going to vote against it, but he said that at the moment at any rate he could not bring himself to support it. If the house will vote in accordance with the views which have been expressed by the nine members who have spoken there is no doubt as to the result. I certainly hope that will be the case.

I am most grateful, not only to those on this side of the house in the three opposition parties who have spoken in support of the bill but for the attention given to it by the Minister of Labour. I am of course pleased with the support which has been indicated by the hon. member for Vancouver South.

In summing up, since it is hardly necessary to do anything by way of reply in view of the fact that most of the speeches have been favourable to the bill, I might repeat just one or two facts which were given earlier in the debate. It is correct to say that there is legislation regarding annual vacations with pay on the statute books of six provinces, Quebec, Ontario, Manitoba, Saskatchewan, Alberta and British Columbia. Incidentally, using the formula we have had occasion to discuss yesterday and today under another heading, those six provinces represent a majority of the provinces and also a majority of the Canadian people. It seems to be pretty well indicated that this principle is accepted in this country.

However, as far as those six provinces are concerned, only two of them have legislation which provides that there shall be two weeks' vacation with pay after one year's service, those two being British Columbia and Saskatchewan. The other four provinces provide for one week's holidays with pay after one year's service. Some of them provide for a greater length of holidays after more years of service. These provincial laws relate to employees who come under provincial labour legislation, and do not touch the 400,000 who come under federal jurisdiction. This bill would deal with that group of 400,000 workers who come under federal labour jurisdiction.

Nevertheless, I think the point should be made that there is a tendency on the part of the provinces, particularly in the labour field, to pay attention to what the other provinces are doing and to what the federal government is doing. I think if a lead could be given by the federal parliament in this matter it would hasten the day when we would have legislation of this kind throughout Canada, so that all the workers of this country would have vacations with pay as a matter of right. This is a principle which the hon. member for Burin-Burgeo accepts; and I think even he will have to agree that that can be brought about only if we use the rule of law to establish the rights to which we believe our people are entitled. After all, laws are not just the negative things that he seems to think they are; laws are not just restrictive, laws are also positive in that they establish certain rights. That is what this law is. It is similar to the laws in some of the provinces which do establish the right of working people in this country to enjoy two weeks' holidays with pay after one year's service.

May I say to the hon. member for Bow River that I indicated on May 11 when I moved second reading that I would be happy to have this bill go to the committee on industrial relations. If it is given second reading I would move that that be done, rather than the usual motion of reference to committee of the whole house.

I should like to say just a brief word further with respect to the number of employees who would be affected by this bill, following along the exchange between the hon. member for Vancouver South and myself. I think we got it clear, basing our statements on the table put on the record on May 11 by the Minister of Labour, that approximately 47 per cent of the employees who come under federal labour jurisdiction now have, by virtue of collective agreements or for other reasons, two weeks' holidays with pay after one year's service. That leaves some 53 per cent who would gain if this bill became law.

Industrial Relations

It is true that in addition to the 47 per cent who have two weeks' holidays with pay after one year's service there is roughly another 2 per cent who have two weeks' holidays with pay after two years' service and there is another 44 per cent who get two weeks' holidays with pay after three years' service. If you add those three groups together you arrive at the 93 per cent indicated a few minutes ago by the hon. member for Vancouver South.

However, I think cognizance should be taken of the fact that even the 47 per cent of the employees under federal labour jurisdiction who enjoy two weeks' holidays with pay after one year's service includes three groups of workers who I think it would be fair to say are in preferred categories. Those three groups are air transport employees, bank employees including employees of the Bank of Canada, and employees in government enterprises not included in the preceding classifications. The employees in those three groups, as will be seen from the table on page 3837 of *Hansard*, enjoy two weeks' holidays with pay after one year's service to the extent of 100 per cent. When you deduct those employees from the total and consider the rest, that is all employees under federal labour jurisdiction except those in preferred occupations who enjoy this privilege 100 per cent, you find that so far as the rest of them are concerned —in other words, averaging those in railways, shipping, motor and all other transport, mining, manufacturing and so on—it works out to about 35 per cent of all the rest who enjoy the privilege of two weeks' holidays with pay after one year's service.

I believe the principle is gaining ground. I believe it is pretty well accepted in Canada that people should have reasonable holidays with pay as a result of their contribution to the economy of this country. Nevertheless it is true that there are still a great many people who come under federal labour jurisdiction who need the improved benefits and protection provided by legislation such as this. So I hope the house will give approval to this bill so it can be sent to the industrial relations committee.

As I say, seven of the nine of those who have spoken say they are for it and the eighth member says he is in favour of the principle although not in favour of doing it by law. If the eight of us can just get the Minister of Labour on our side we will have won the day.

Mr. Carter: Mr. Speaker, on a question of privilege; I did not want to interrupt the hon. member while he was speaking but I am sure he would not want to leave an improper interpretation of what I said. He will remember that I started out by referring to the fact that we are our brothers' keepers. I recognize therefore that every man has a moral right to be cared for and when a man has a moral right to something there is a moral responsibility on somebody else to supply it. When a man already has a moral right, in recognition of a moral law, I do not see that legislation is necessary to establish it as a legal right.

That is what I said. I do not think the hon. member would want to imply that I did not think legislation was necessary to establish rights. I said this is a moral right, and I think a moral law should take precedence over a man-made law.

The house divided on the motion (Mr. Knowles) which was negatived on the following division:

YEAS

Messrs:

Barnett	Leboe
Blackmore	Lennard
Blair	Low
Bryce	MacLean
Bryson	McBain
Cameron (Nanaimo)	McCullough (Moose Mountain)
Campbell	McLeod
Cardiff	Mitchell (London)
Castleden	Monteith
Charlton	Montgomery
Churchill	Nicholson
Dinsdale	Nowlan
Ellis	Patterson
Fairclough, Mrs.	Pearkes
Fleming	Philpott
Fulton	Regier
Gagnon	Robinson (Bruce)
Goode	Small
Green	Smith (Battle River-Camrose)
Hahn	Stewart (Winnipeg North)
Hamilton (Notre Dame de Grace)	Thomas
Harkness	Tustin
Herridge	Winch
Holowach	Yuill
Johnson (Kindersley)	Zaplitny—52.
Johnston (Bow River)	
Knowles	

NAYS

Messrs:

Applewhaite	Enfield
Batten	Fairey
Bennett	Garson
Boisvert	Gauthier (Nickel Belt)
Bourget	Gauthier (Portneuf)
Bourque	Gingras
Brisson	Gour (Russell)
Buchanan	Gregg
Caron	Habel
Cloutier	Harris
Crestohl	Harrison
Denis	Hellyer
Deschatelets	Henderson
Deslieres	Hosking
Dickey	Huffman

Kirk (Antigonish-Guysborough)	Power (St. John's West)
Kirk (Shelburne-Yarmouth-Clare)	Prudham
LaCroix	Purdy
Lafontaine	Richard (Ottawa East)
Langlois (Gaspe)	Richard (St. Maurice-Lafleche)
Lavigne	Richardson
Leduc (Jacques Cartier-Lasalle)	Roberge
Lefrançois	Robertson
Lusby	St. Laurent (Quebec East)
McCann	Schneider
McIlraith	Shipley, Mrs.
McWilliam	Stuart (Charlotte)
Masse	Studer
Matheson	Thibault
Menard	Tucker
Michaud	Viau
Monette	Weaver
Murphy (Westmorland)	Weir
Pearson	Winters—68.

Mr. Deputy Speaker: I declare the motion lost.

Mr. Gillis: I was paired with the Minister of National Health and Welfare (Mr. Martin). Had I voted I would have voted for the bill.

SUPPLY

The house in committee of supply, Mr. Robinson (Simcoe East) in the chair.

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

Family allowances and old age security—

278. Administration, $2,693,059.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Mr. Stewart (Winnipeg North): There is a question I should like to direct to the minister. One of his senior officials was in Winnipeg at the beginning of June, and apparently he made a speech there which was reported or misreported in one of the Winnipeg newspapers. His remarks were to the effect that a third world war was certain. I just wonder if the minister can give me the facts of the situation.

Mr. Martin: Well, Mr. Chairman, all I can say is that I presume my hon. friend is talking about one of the officials in our family allowances division, for whom we have the highest admiration. I am sure he would not be guilty of any deliberate indiscretion. I am quite sure that if he was reported as having said that, there must have been some inaccuracy in the report.

Mr. Stewart (Winnipeg North): Can the minister ascertain the facts for me?

Mr. Martin: I will be glad to.

Mr. Green: This vote is the administration item in connection with family allowances and old age security. Since the house last met, one or two weaknesses in the regulations have come to my attention, and I should like to place them before the minister tonight.

The first has to do with family allowances. We have in Vancouver a boys' band known as the Kitsilano boys' band, which has been conducted for quite a few years by Mr. Arthur Delamont. It is a very famous band and has played here in front of the parliament buildings on different occasions. Mr. Delamont has taken these boys to Great Britain and the continent on several different occasions. Apparently the minister's department has ruled that when one of these lads is away for more than three months, then the family allowance must be repaid. I have actually had one of those cases come to my attention.

I do not believe that is proper under the terms of the Family Allowances Act itself. The act provides in section 4, subsection (2) (b) that the allowance shall cease if the child ceases to be a resident in Canada. I think if the regulations are such that the allowances are cancelled in cases such as the one I have mentioned, then those regulations go farther than is permitted by the act. The condition should be the residence of the family in a case like that, and there certainly has been no change of residence. These boys have gone on these trips as members of the band, and I think the minister's department is making a mistake in cancelling the allowances under those conditions.

Then the next case has to do with the Old Age Security Act regulations. This old age security to Canadians over 70 is paid entirely by the dominion, so there can be no argument that the provinces have to be consulted about the regulations. This is purely a federal payment, and it is made on a contributory basis. The government itself has asserted time and time again that our old age security payments are contributory. The people are contributing by way of additional taxation imposed for the purpose of providing old age security. In view of these facts I think that there should be some change made to cover cases such as the following.

In the first place, Canadians employed abroad by Canadian firms should be covered. For example, take a man who represents one of our great newspaper firms in London. I know of a case of that kind. This man represented Canadian newspapers in London for quite a few years. When he retired he came back to Canada, but he cannot get the pension because of the time he was in the

old country. I believe anybody in that position should be counted as a Canadian and should be able to get the payment.

Another group of cases concerns people who have been away within the last 20 years. There is a provision in the act to the effect that unless they were in Canada during the period before the 20 years started to run for twice the time they were away in the last 20 years, then they cannot qualify. That is in section 3, subsection 1, paragraph (b) (i) of the act. It reads:

(i) has been present in Canada prior to those 20 years for an aggregate period at least equal to twice the aggregate periods of absence from Canada during those 20 years.

I believe the time has come to take a second look at that provision. Instead of requiring double the length of time prior to the commencement of the 20-year period, surely that should be made an equal length of time, or having resided in Canada for a total period of 30 years even though part of the last 20 years was spent out of the country. I know of several cases where this ruling has come into effect, and I think it is very unfair.

Another case concerns those who have resided in Canada for the necessary length of time and qualified for the old age security payments, and then wish to retire in the United Kingdom. That person has made his or her contributions and surely should be entitled to the old age security payment. Under the present legislation he loses out; he cannot get the payment.

Why is it not possible for Canada, if she will not make the payments direct to these people who go to the United Kingdom or any other part of the commonwealth, to negotiate an agreement with the United Kingdom under which the payments would be made. There is an agreement of that kind, I believe, between the United Kingdom and Australia and another one between the United Kingdom and New Zealand. My facts may not be accurate, but that is what I am told, that there are agreements between these nations of the commonwealth under which if the old age security recipient moves to the other country he or she will still be eligible for the payment.

I think, too, there should be a change made so that a person who has reached 70, and who has to go south for health reasons, can still qualify for these payments. There are not a great many of these cases, but every so often you run into one where it is a matter of life and death. If the person is to survive at all he has to go to a milder climate. I do suggest consideration should be given to making a person in that category eligible for the payment.

[Mr. Green.]

These regulations are too rigid. For example, on the west coast we have the boundary in one place running across a peninsula which is called Point Roberts. The tip of that peninsula is in the United States and the rest of it is in Canada. We have a large group of people from Vancouver with small homes just over the boundary on the United States side of Point Roberts. They buy all their groceries in a store on the Canadian side. Their money is all spent in Canada, but they live in the United States a few feet over the border. Some of them have spent all their lives in Canada, yet they are disqualified for old age security. That is a ridiculous state of affairs, and I do not think it was ever the intention of this parliament that people in that position should be disqualified. I am sure if the minister himself will look into that situation he will be able to find some way out of the difficulty.

Then, finally, the minister's department has the responsibility for people on old age security. I should like to know what the views of his department are with regard to having housing schemes which are to be used by old age security recipients exclusively, or to a large degree. I ask that for this reason. Another department of government is saying that if there are, I think it is, over 30 per cent of the occupants in a scheme of this kind who are on old age security, then the dominion government will not permit the scheme to go ahead.

We have had a case of that kind in Vancouver where the city has suggested a scheme, I think it is under section 36 of the National Housing Act—I may have the wrong section—under the section which calls for co-operation among the city, the province and the federal government. I believe the city and the province are willing to go ahead with a scheme for housing which will be for old age security recipients exclusively, but the dominion government, under the Minister of Public Works, is refusing. It says it is not right to let senior citizens occupy a housing scheme exclusively. This other department of government wants them mixed up with a whole lot of younger people.

I would like to know whether the Minister of National Health and Welfare thinks that is a sound policy from the point of view of those senior citizens? In Vancouver we do not think it makes any sense at all. The result of the refusal of the Department of Public Works to authorize a scheme of this kind has been that there is not any scheme at all. I should like to hear from the Minister of National Health and Welfare whether his department has objections to a scheme such as has been proposed by the city and apparently approved by the province.

Mr. Harrison: Mr. Chairman, I should like to take a little of the time of the committee to discuss a matter which I think lends itself as a subject of some interest to members in all parts of the house; a subject, too, that, when they find what is being done in some parts of Canada, may cause them a little surprise and some of them may be a little appalled.

In the central part of my riding I have an area that was settled in the early days of the settlement of the west, and I am not talking of the settlement that occurred with the advent of the railways, but with the advent of the fur trade and the settlement from Hudson Bay. The Churchill river system, which is a tremendous system of large lakes, occupies the central part of my riding, and it is about that area that I wish to speak for the next few minutes. The area was settled mostly by people of Scots descent, brought in by the Hudson Bay Company, and a little later by French people who were employees of Revilon Freres, a fur-trading firm in that area at that time.

Those people mixed with the native population to give us what is known as our Metis population, or our half-breeds. The mentality of those people has not changed much with the admixture of British and French blood. Their mentality is still the Indian mentality. About 15 months ago family allowances began to be cut off from these people, and they have been progressively cut off since that time. A few people were affected initially. Later more and more were affected, and pretty well the whole area now is cut off from family allowances.

Hon. members will be surprised, I think, even as members of parliament, to learn that in the Family Allowances Act we have a means test, and it is a means test of this kind. You must provide for your child amenities of one kind or another to the amount of $5 a month or you do not get family allowances. Well, of course, that is no difficulty as far as people are concerned whose children are at home. It is taken for granted by the department that the $5 is paid as long as the child is at home, but the difficulty begins the moment the child is sent either to a boarding school or to some institution. Ordinarily it is not necessary to do that, but in this area the vocation of the people demands that this be done practically 100 per cent.

What is their vocation? Well, their vocation is trapping and fishing. It must be recalled that their mentality is still that of the Indian, and therefore they are naturally nomadic, anyway. It was only with the advent of family allowances that any great interest was taken in education there by the Indians themselves, although with the coming of the missions—and the Oblate order came into that area about 160 years ago and settled mainly in places like Iles a la Crosse and Portage la Loche and others—there has been some interest in education. They have done a marvellous job but they ran into the natural resistance of those Indians or half-breeds to education.

Family allowances changed that a great deal. It gave them an incentive to go to school, and the missions were able to persuade them to go to school and get some education. Family allowances and the health department that our minister so ably heads have done other things for that country that had quite an impact on it. Over a period of years we have got rid of the scourge of tuberculosis amongst the Indian population, and now instead of a vanishing race we have a great multiplying race.

This brings problems, mainly the problem that the old life of fishing and hunting will not fill the bill. It will not provide sustenance for the increasing number of people in that area. Therefore we have to seek new channels of employment for those people up there. They must assimilate more with the white race and follow the white man's pursuits. The first step in that is education. And so this matter of the cutting off of family allowances, though it is not education itself, is an adjunct that is necessary, and has proved beneficial.

For the first four or five years that we had family allowances in this country these people were paid. You would naturally wonder why they are not paid today. During the period when they were paid we had this very beneficial effect. The missions were increasingly able to get those people to go to school. The heads of those missions tell that sometimes it took four or five years of pleading and argument on the part of the priests, who for a period of, as I say, over 160 years have tried to bring this situation about, to get them to go to school. I wish to pay a tribute to those missionaries who have spent their lives in that country in order to help the half-breeds and the Indian population. They have been willing to spend their lives there, and I think we should be willing to spend the family allowances and make them payable to all our people.

I brought up the question as to why they were being discontinued. They were discontinued on the retirement of the regional director of family allowances a year and a half or so ago, when a new one was brought in. I made inquiries about this gentleman, and the minister has been kind enough to have him come down and talk with me. I have also talked with other officials in this

department over the past few months, but all with the same result. They tell us it has to be fixed here in this place, and that is what I contended from the outset. They were cut off by the new administrator, who hewed to the letter of the act as far as these people who send their children to boarding school are concerned, and those who send their children to places where they can board and go to a day school.

As I have told you, that is a necessity in that part of the country because the people are nomadic. They live anywhere from 50 to 150 miles away from schools, and it is essential for their children to be in a central spot or they will receive no education at all. Family allowance was cut off, on the basis that the parents are not paying $5 a month to the institution concerned, and therefore they are not qualified for family allowance.

Mr. Gillis: How many were affected?

Mr. Harrison: In Ile a la Crosse about 130 were affected at that school. I inquired at Easter when I went through and learned that 20 of them had left school in order to get the family allowance. That may seem a rather odd thing, particularly when we remember the spirit in which the Family Allowances Act was passed. I was not a member of this house in the days of Mackenzie King when this legislation was framed, but if I correctly understood the intent of Mr. King it was to bring a better standard of living, particularly in terms of education, to people in the lower income group. If I am wrong in that I would like to be corrected. In practice the opposite is the case. The new administrator wishes to hew to the letter of the act, and he wrote to the parents of some children as follows:

> . . . as soon as your child returns home let us know so we can reinstate him . . .

—on the family allowance. Instead of insisting as we always have that children go to school in order to obtain the family allowance, in this area they are insisting that the children stay away in order to obtain it.

I checked with Father Bourbonnais, the priest who is the principal at the mission at Ile a la Crosse and I learned that 20 children had already left school in order to obtain the family allowance. Father Bourbonnais contemplates that more will be leaving. In the mimeographed booklet which is published there, by the children, about three or four times a year, Father Bourbonnais makes a plea to the parents to send the children back after the summer recess. I would like to read a portion of this to you:

> After holidays well spent come back in September. Come numerous to prepare your future. "Education is key to the Indian problem" declared some Indian chiefs to the Honourable Jack Pickersgill, federal Minister of Citizenship and Immigration. The Metis and Indians have the same problem. The population is increasing in the north and is going to keep on increasing. Only a small number of the native population in the next generation will make their living by hunting, trapping and fishing. The others will have to learn new ways to earn their living, such as mining, lumbering, working in mills and doing office work; or become nurses or teachers. All this means preparation—by attending school regularly and learning as much as possible.
>
> Presently there is the problem about taking pupils in residence, on account of the family allowances regulations.
>
> The parents are responsible for their children and must contribute for their education. Unfortunately some misunderstanding has been going on for some time, and children who should be at school are not attending presently.
>
> Our Right Reverend Bishop Paul Dumouchel, O.M.I.,—

—who has been in Ottawa, I might say, on three or four occasions in connection with this matter—

> —along with the provincial and federal government officials, are doing their best to solve the problem, and we hope their efforts will be crowned with success.

I hope they will, too, because some of these people have been without the family allowance for 15 months on the ground that the institution charges only $2.50 a month and they are ordered to pay $5 per pupil. I think the people at the mission know more about what the people in that area can pay than the officials of the department of my hon. friend the minister. The Oblate fathers have been there for 160 years, and if they do not know the situation which obtains there I would venture to suggest that no one knows. I know this area intimately myself, and I know a great many of these people personally. I go in there once or twice a year and meet the people and listen to their problems. There is not the remotest possibility of their being able to pay that sum.

Many hon. members have been talking about the possibility of increasing the family allowances. Before we begin to do that I think we should first pay it on the basis we now have it, because an increase is not going to mean anything to the people up there. Even an increase of 50 per cent would be of no value, because an increase of 50 per cent of nothing still equals nothing. Even if you triple it, it is still nothing.

One runs into some extremely difficult situations and it is interesting to review some of them, though I do not want to bore hon. members by speaking at too great length.

Mr. Blackmore: You will not bore us; go ahead.

Mr. Harrison: I want to place some cases on the record because a desperate situation

exists in that area. Granted it is not a very large area and it does not contain a great many people, but it has already affected at least 130 children and before long, it will have affected a great many more.

I believe this is important. I do not know why any Canadian child should be barred from the family allowance, particularly when its parents are at the very bottom of the economic scale.

I have no objection to a means test for family allowances providing it is put in the right place. For instance, I would have no objection if it applied to persons in receipt of an income of $50,000 a year, and if they had to fulfil certain stipulations; but to impose it on this group of people is something I cannot tolerate, particularly when one hears hon. members saying from time to time that we should give more money to Burma or other countries under the various plans we have. When we do give away money it is without strings attached. We do not say that someone has to provide $5 before we will give them $25 million. I think we should do something about seeing that our own people in this country are protected, particularly those who are in severe need.

I spoke about children who had to go home from school, according to the new regional director. I spoke to this young man, and he is a very decent fellow. He told me he has to adhere to the act as it is written, and I agreed that he does. The only reason family allowances were paid before was because the regional director winked at some of the regulations. One of them was that the family allowances cheque must be paid directly to the parents.

In effect the mission in that area is the guardian of the children for at least 10 months of the year and frequently for longer periods of time. The result is that, in order to make this thing work, the money has to be paid direct to the mission. As a matter of fact the same gentleman went out and was going to have the former head priest Father Gagnon thrown into jail because he was collecting the cheques at the post office at Ile a la Crosse, despite the fact that the parents would be required to travel many miles to get the cheques and could not read them when they were received, because most of them are quite illiterate.

These things are not taken into account by the officials. Their thinking and the act itself is based on the assumption that in its administration one would be dealing with people of normal intelligence and education. The directives they have issued are useless, because they have no foundation in fact.

I said a minute ago that I would give the details of a few of these cases so the committee will have some idea of the impact this has had upon these people. Here is a letter from a person who has enough education to write a letter:

> Please if you going any time to Regina and please ask for me to Mr. G. P. Allen, regional director family allowances, ask him what for didn't send family allowance to my kids since seven months. Now ask him please to send all that to my wife Vitalin Gardiner.

And later:

> I got a big family; I got seven kids keeping at my home and very pleasure to you if you can get that for my wife please.

That is from one who knows how to write. To insist that these people sign their cheques is to insist on something impossible because they just cannot do it. They just mark them. They have authorized the priest at the mission to get their family allowance cheques from the post office. That has always worked. The mission books are open to inspection by anybody, and the provincial inspector of schools tells me that he inspects the books regularly and has found them to be in first class order. They keep an account for each child, and if clothing has to be bought it is bought out of the family allowance.

What must be taken into account is that these people do not have banks, they cannot read or write, and an act passed for other parts of Canada just will not work in that part of the country. You are making these people break the law, and they have different ideas about what breaking the law is than have people in other parts of the country. They do not think they are breaking the law by turning in their cheques and having their families go to school. I shall just read excerpts from what another lady writes:

> I am a poor widow and often I go to the post office looking for my family allowance cheque which has not come for many months, and all I get is questionnaires and objections and overpayments, etc. It really looks as if it was a crime to put a child in an orphanage or a boarding school and that I have to be punished for it. I shall do my best once more to answer your questions and that I may finally receive some of the money I need so much.

This is what she had in mind. The regional director sent out this questionnaire to these people. I told him when he was here that it was a waste of time, because they could not read it when they got it. How could they fill it out? The first question is "Name of school or institution" and the next one "List of payments made to school or institution since admission". Those would be made largely by the priest at the mission. Then the next, "Show travelling costs paid

to or from school." That might be ascertainable. "Show the cost of clothing bought since admission." Most of them do not keep any accounts under their birch bark bookkeeping system, and there would not be much you could find out about that. Then the next question, "Show details as to dental, medical, optical costs since admission." If that work was done at the school they would have those details. Then, "Books, toys, etc. purchased since admission". If there were any provided they would probably know what they were.

These questions are asked of the priest at the mission. These people bring them in to the priest, because they cannot read or write. I asked Mr. Allen what was the point in asking that kind of question, because the only point in asking a question is to get an accurate answer. If you cannot get an accurate answer there is no use in asking a question. That is what this lady was perturbed about when she said:

> Darlene was admitted at Holy Family school at Ile a la Crosse in September, 1953, and has now been back with me for the summer holidays.

Then she goes through her whole family giving the details of where the children are. She gives that information because she has not had any family allowance cheques for several months.

I dropped in at Buffalo Narrows during Easter. There are many white people there, some of them not too well educated but sufficiently so to answer letters. One of them has 12 children, six of them being at home as they are under school age. His wife told me that they were getting $20 a month in allowances. Another man had five children, with three of them at the Ile a la Crosse school and two at home. It just happens that I saw a letter from this man in the files of Father Gagnon when I dropped in at Ile de la Crosse, and it was a pathetic thing. He was saying how sorry he was that he could not bring the children home at Christmas time because he had caught only 27 boxes of fish since October, and his mink would not be ready for sale for some time. He had sent $3 so that each child would have a dollar at Christmas, and he said he would try to bring them home the next Christmas.

These are the kind of people we are shutting out. I think some consideration should be given to removing this means test and seeing that these people are paid. I do not care whether it is in Ethiopia or wherever else you may find underprivileged children, they are no more underprivileged than the people in this area. If any hon. member is interested I would be glad to have him come with me to visit those people. If he finds that conditions are not as I have stated I will be ready to apologize for anything I have said tonight. These people are at the absolute bottom of the Canadian economic scale. The minister's department is trying to improve the health of these people, and I think the results are indicated by the increase in population, but this work should be coordinated with family allowances.

I have no doubt that the minister will tell me what he told Bishop Dumouchel, that education is a provincial problem. I should like to quote from Bishop Dumouchel's last letter, where he says:

> Mr. Martin comes back with the argument that education is the sole responsibility of the provincial government. This we all know and state that the provincial department takes up this responsibility quite adequately. Teachers' salaries, school supplies and tuition grants are top. But what Mr. Martin overlooks is that the organization at Ile a la Crosse is not a school but a residence which makes it possible for the children to attend school there.

In concluding it might be well to indicate what some of the officials in the department think as to the coverage of the act in this respect. I quote from a letter written by George Carty, executive assistant to the minister, as follows:

> However, I now find that section 18 (c) presupposes that the basic maintenance required by the act is satisfactorily met. In other words, before any special arrangements can be made for the disposition of the allowance cheque, the basic conditions of eligibility must be complied with.

Then on the next page the basis of eligibility is set out as follows:

> That is to say the parent must pay to the school basic maintenance of $5 a month plus the family allowances received on behalf of the particular child concerned.

I can assure you that that cannot be done in that area because these people have not got it. In other words they would have to pay $5 a month plus the family allowance cheque for each particular child. That was the approach taken by the officials of the department in the absence last year of the minister when he was doing such an admirable job in foreign relations in New York. I can assure him that his own work up in this area suffered because we could not get a statement of policy on this matter from his officials. They took the proposition up with the provincial administration, to see if they would increase the allowances at that end, and came to the conclusion that the proposition would be met and these objections in the act overcome if the provincial grant, instead of being given to the school, was given to the individuals themselves, and they in turn would bring it back to the school, and that would satisfy the act.

Mr. Gillis: There is nothing wrong with the act, it is just stupid administration.

Mr. Harrison: That, of course, completely ignores the mentality of people of the Indian race. The moment they get a dollar in their hands they want to spend it. Even if they could read a letter, or if someone interpreted it for them, the fact that they received a letter saying that this money does not belong to them but they must take it to the school, that it belongs to the school, would mean nothing to them. They live for today and let tomorrow take care of itself.

The Chairman: I am sorry to interrupt the hon. member, but I am obliged to advise him his time has expired.

An hon. Member: Go ahead.

The Chairman: Has the hon. member unanimous consent to proceed?

Mr. Harrison: I shall finish very quickly.

Some hon. Members: Go ahead.

Mr. Harrison: That kind of thinking amazes me. It may be because the civil servants in charge are not familiar with that area. One of the things that was told to me about the qualifications of the present regional director in Regina was that he had better qualifications than any other regional director in Canada. On the basis of the yardstick they use, I think that is right. He is the only graduate in social services.

Mr. Gillis: That is what is wrong with him.

Mr. Harrison: I think my hon. friend is correct. I agree with that. I should like to set the examination for a regional director for Saskatchewan, particularly one who has to administer that northern area if he does not know anything about it. This particular gentleman was sent in, I understand, from Halifax. He is a graduate in social services. If I were setting an examination for that position, I would take him on a trip up to my riding—I have very rugged country in the northern part of Saskatchewan—and I would drop him by parachute in the wildest part of that country with a rifle and 20 rounds of ammunition. If I came back one year later and he was still alive he would be a good man to put in as a regional director, because he would certainly know that country and its problems. He would not be writing to the people, even if he thought they could read, and telling them to go 150 miles on snowshoes to pick up their cheque, sign it and take it to Father Gagnon or Father Bourbonnais, whoever happened to be there, and in that way fulfil the letter of this act before they could get their family allowances. As will be seen from the concern shown by Father Bourbonnais in this little pamphlet, the net result is that 110 children who have been kept all this year by the mission without any family allowances are not going to come back, because of the example of the 20 pupils who stayed home to get their allowances. I think I have said enough, and I have taken advantage of the indulgence of the members of the committee, for which I thank them, and also of the minister. I have no doubt he will make some rebuttal to this. I hope that by the time he gets through something will be done, and that he will not merely say that we have nothing to do with education in the province. We have a responsibility to pay family allowances, in my opinion, to every child in Canada, no holds barred, and particularly to those people about whom I am speaking.

Mrs. Fairclough: I am not sure if I am correct in my opinion that this is the first time a minister has had such expert advice on the floor of the house. I should like to compliment him—and it is not often I compliment a minister—on the very high calibre of the advice he has. I am sure that under the circumstances the opposition can make very little headway.

Mr. Gillis: I should like to say a few words on this item, administration of welfare. I am not going to elaborate on old age security. This group likes to expedite the work of the house, so it organizes itself in order to do that. We have one chief spokesman on each department's estimates, and the hon. member for Winnipeg North Centre has aired the views of all members of this group on the question of old age security. I should like to say that we agree with him, and there is no need to repeat what he said.

I should like to supplement what the hon. member for Vancouver-Quadra had to say on the qualification clause in the Old Age Security Act. It is even worse than he painted it. I run into cases in trying to establish old age security—or old age pension, as it was known before the act was changed—of men who spent five years out of the country in the armed services fighting a war, and find that time was disallowed for pension purposes. The present minister will find records in his files where I have taken up at least one case during the past five years in regard to that particular question, and as far as I am concerned I never got it straightened out. I just want to make sure that men who served during the last war and in Korea for several years—

Mr. Martin: I assure my hon. friend that time spent in the armed services is not calculated against—

Mr. Gillis: It was.

Mr. Martin: I shall look into it. If the hon. member will meet me tomorrow, we shall settle that in one minute.

Mr. Gillis: I just want to make sure that time spent out of the country is now not held against those who were in the services.

The other point the member for Vancouver-Quadra has raised is one that has been raised a good many times. That is the need, at least in the commonwealth countries, to make our social security legislation reciprocal. I believe that should be done. There are many people in Canada from England, Ireland, Scotland and Wales. When they reach 70 years of age most of them have nothing else to fall back on except the pension. However, if they leave the country that $40 per month is discontinued. Plenty of these people would like to go back to the old country. The place where you finally like to rest is where you were born. That $40 per month in purchasing power in the old country would mean much more than it would if spent in Canada by such a person in the last years of his life. I believe that some consideration should be given to bringing that pension to people in that category.

I certainly think it is time that the countries of Canada and the United States, which are so closely interlocked and are becoming closer and closer all the time economically, socially and in every other way, should permit people on old age security pensions to have their pensions when they take a trip down south and stay down there for holiday purposes or any other purposes. It is time they got around to doing something on a reciprocal basis between Canada and the United States. I should just like to say this with respect to the matter raised by the hon. member for Meadow Lake. It is a rather amazing story. The test of any legislation is in its administration. The hon. member endeavoured to relieve the director from any blame and tried to make it appear that the act was at fault, but I think what is happening there is a direct violation of the act. Any child of school age who is not in school cannot receive the family allowance.

Mr. Harrison: That does not apply if no school is available in the immediate area.

Mr. Gillis: That does not make any difference. There are no ifs, ands or buts in the legislation. Under the circumstances described by the hon. member I do not think it is necessary to change the act. One director administered the act over a number of years in the only way it can be administered, and then a new man comes in with all the book training but with no practical experience of life that would acquaint him with the kind of situation the hon. member has described.

Do you know what I think is necessary? All that is necessary is for the minister to issue a directive re-establishing the system in force previously, and tell the new man to get ready to find himself a job up in the bush until he becomes acquainted with the facts of life.

Mr. Knowles: Or back in Halifax.

Mr. Gillis: I think if you trace his ancestors you will find he is not a Nova Scotian. I think you will find he comes from some other part of the world. It is a matter of having people in an administrative capacity who know something about the facts of life.

I suggest to the minister that before his estimates are completed he get up and tell the hon. member who raised this question that it is too bad, but that he was at the United Nations doing an important job, that he cannot be every place, which is understandable that while he is away there are far-flung corners in this country of ours that are liable to get out of joint, and that as soon as the estimates are completed he is going to exercise his authority to correct the situation that exists in that particular area.

The money should be paid retroactively. There are 15 months involved. I am looking forward with a great deal of interest to the minister making that kind of statement to the house in his very direct, sympathetic and efficient manner. He should say that this kind of situation cannot exist, and that he is going to clean it up. You know, Mr. Chairman, we have co-operated 100 per cent. We have sat here and just held on to ourselves day after day waiting to get to the minister's estimates.

Mr. Martin: My hon. friend co-operates in everything.

Mr. Gillis: There is another angle to the matter of family allowances, the question of the boy or girl going to school after reaching the age of 16. That is the time when in many families it becomes very expensive to get the boy or girl through high school or possibly university. Under the present regulations the family allowance is not payable to any boy or girl over 16, and I believe the time has come when the allowance should be made applicable to any boy or girl continuing his

or her education beyond the age prescribed by the act for the payment of the family allowance.

These are the points I wanted to make with respect to family allowances, and also the question of the residence clause in the case of old age security payments. We will have something to say later about other angles of the problem.

Mr. Patterson: Mr. Chairman, one of the disadvantages of sitting in this corner—

An hon. Member: There are a lot of them.

Mr. Patterson: —is that it seems as though we are more or less beyond the range of vision. I am placed in the position now that, since the first time I rose this afternoon, other hon. members have stolen my thunder.

An hon. Member: Sit down.

Mr. Patterson: Nevertheless I am going to take two or three moments to refer to several matters in connection with the estimates. I was under the impression that the Minister of National Health and Welfare was very anxious to get these estimates through as quickly as possible.

Mr. Knowles: That was yesterday.

Mr. Patterson: However, I thought when he spoke in the debate this afternoon he invited an extension of the discussion, because certainly some of the remarks he made were not calculated to soothe the feelings of some of us over here and get us into a very happy frame of mind.

One of the statements he made was that he had no apologies whatsoever to make relative to the provisions that are at present made for the senior citizens of Canada. I do not think we are asking for any apologies, because I believe all of us are perfectly prepared to acknowledge the worth and value of the provisions as far as they go, and we do not want to minimize that fact in the least. He referred as well to the fact that we in Canada—I believe that was the content of the statement—are treating our senior citizens better than any other nation in the world.

I do not think that is the proper way to assess the situation. I do not think we should gauge it by what others are doing. I think the question should be, is it the best that we can do in Canada? With the wealth we have, with our productive capacity, with all the good things we enjoy, is this the best we can do for the senior citizens of our country?

I think if we were to look at it from that viewpoint we would be forced to say that we ought to be able to do better than that, whether or not any other nation is prepared to do so. As I have said, we are not asking for apologies but for recognition of the continuing responsibility of the government with reference to the treatment accorded our senior citizens. We are reminded, of course, that the value of our dollar today is far less than it was a few years ago; therefore I think we would be justified in suggesting to the minister, the department and the government that old age pensions be raised at least to the level of the value of money when they were first instituted.

The other thought I have in connection with the old age security payments has been mentioned by one or two other speakers this evening. I refer to the eligibility of recipients of security payments to receive the money even though they may reside outside of Canada. I placed on the record some time ago a letter received from a senior citizen who had lived in Canada for 40 years or more. He had made his contribution to this country. He had lived here and spent his money here. Now in the declining years of his life, and with not very many more left because he was quite an elderly gentleman, he wanted to return to England to spend his last few years with relatives over there. But because of the regulations as they now exist he could not enjoy the fellowship of his family in the closing years of his life. I suggest that this matter be again given consideration, or perhaps it is under consideration. If it is, I hope the decision will be favourable.

While I am on my feet I will just refer very briefly to the question of our blind friends. Like some of the other members of the house, perhaps most of them, I have received a great number of communications asking for support for the request that some provision be made for our blind friends with regard to guiding allowances. We are all aware, of course, of the additional expense incurred by the blind in this regard, and I think all that should be required is to bring it to the attention of the minister and ask that favourable consideration be given the request. It would be of great assistance to them and it would be an indication of the fact that we are concerned about these people and want to do the very best we can on their behalf.

As the minister said, every member in the house is concerned and interested in the well-being of all these people who are presently the recipients of allowances of various kinds. I believe that, in spite of what the minister said this afternoon, he would still like to do a little bit more for them. So we will just commend these matters to his attention and request that they be given serious, favourable consideration.

Mrs. Fairclough: There is a matter, Mr. Chairman, that I should like to bring to the attention of the minister. It is really a three-cornered problem; that is, it concerns his department, the Department of National Revenue and the Department of Citizenship and Immigration. I refer to those people who come into this country with children and who eventually qualify for family allowances. I have had cases brought to my attention where people came into the country and were given little or no information with reference to their status for income tax purposes with regard to their children. Subsequently they found out that by reason of one or two months' family allowance payments which they received, they were placed in an unfavourable classification in so far as their statutory exemptions were concerned.

One such case which came to my notice recently concerned a very intelligent individual who recognized the problem and who said that had he been given the information which he understood was now available to new entrants to this country, he would have been in a position to make a more intelligent survey of his income for the year. Once having filed a return, he was no longer in a position to benefit by reason of the deductions which would otherwise have been available to him.

I realize that in so far as the minister's department is concerned, they merely pay the allowances. However, since this matter does concern the three departments, will the minister consult with his colleagues and make sure that those persons who come into the country with children, with the obvious intention of staying in this country, are given all the information that is available with reference to their statutory exemptions for the purpose of taxable income, and the advantages which will accrue to them if they handle these allowances in a certain way. The minister knows what I mean; that is, turning them back to the department.

Mr. Van Horne: I have recently been in communication with the manager of a group of hospitals in the province of Quebec for a religious institution. Apparently in one hospital there are 90 children of unknown parents who are being denied the family allowance merely because their parents are not known. I feel sure the minister would be prepared to recognize that these children are just as much entitled to family allowances as any other children in Canada, and that he would be pleased to take the necessary steps to make sure these children get their family allowances. In many cases these hospitals, these convents or orphanages, care for these children of unknown parents at a tremendous sacrifice to themselves because they have no other means of help apart from the charitable donations that are made to them. For these reasons I think it is most unjust that these children, through no fault of their own, are denied the family allowance.

While I am on my feet I should like to reiterate what I have often said before. If the cost of living in 1945 was taken as the basis for determining the amount of family allowances, then since the cost of living has almost doubled should not family allowances be increased accordingly? This applies not only to family allowances but to old age pensions and all the other pensions as well. When old age pensions came into effect at $20 per month they were sufficient for that time. This principle was recognized in that case, because the pensions were increased to $40, but they should now be over $60 a month and that principle should be carried into effect all along the line. We have failed to recognize the tremendous burden under which our families, especially those in the poorer areas of this country, are attempting to carry on. I assure you that northern New Brunswick is no exception. We have families with numerous children, and the family allowances that are paid go a long way toward helping these families care for and educate their children.

In 1945 and 1946, when family allowances were first introduced, the amount paid went a long way further than it does today, because the cost of living had doubled in the meantime. I feel sure the minister will recognize this. I think he has indicated on previous occasions in the past his willingness and his determination to do everything possible in this regard. However, the fact still remains that nothing is being done, and there is no indication of anything being done along that line at this session.

There is another factor I should like to bring out in regard to the invalids' pension. My stand on that is well known to the minister as well as other members in this house. One fact emerges now which may not have been made clear before. Invalids' pensions are being paid to people who are, as I have often said, completely and permanently disabled or so near dead that nothing else matters. In my riding in particular we have people who are temporarily crippled. We have people with both legs severed. We have other people who are paralysed but who can still use their hands or can talk. In some cases these invalids are fathers with numerous children, and they are being denied the invalids' pension because they do not come within this stupid definition

that has been incorporated in the act. I am sure that as time goes on the minister will change these things, but the point is this. Here we are in 1956 at this session of parliament which is about to close—

Some hon. Members: Hear, hear.

Mr. Van Horne: —with no indication from the government that any steps will be taken to bring about these desirable and needed changes. I feel the minister may wish to comment on this.

Mr. McIvor: I do not think there is one of us in this house who would not like to see old age pensions, family allowances, and blind pensions increased as well as the pensions to handicapped persons. I rise to ask the minister what taxes he would increase in order to raise those pensions? The sales tax hits everybody. I wonder how many in the house would stand for an increase in sales tax; that is the thing that bothers me. I know we would like to have more. I should like to have more for the veterans and for the civil service pensioners, but the Minister of Finance and the minister in charge of this department must have some way of raising the money. That is my question; what taxes would he suggest increasing?

Mr. Zaplitny: I desire to say a word or two in connection with the Disabled Persons Act. I know that is the next item—

Mr. Martin: I just want to say that my hon. friend is quite right, but several other members have already discussed this. I would suggest that we might consider all the remaining items together if that would be the wish of hon. members, with the idea of closing the discussion as quickly as we can.

Mr. Zaplitny: That suits me fine.

The Deputy Chairman: The remainder of the items of the department will be lumped for the purposes of discussion. They will have to be put individually.

Mr. Goode: But not so far as civil defence is concerned.

Mr. Green: Am I to understand that that includes item 281, civil defence?

The Deputy Chairman: No; the remaining items of the department. You notice that the items are marked, "A, department", except 281, which is marked, "B, civil defence".

Mr. Green: Then the items we are now considering are 278, 279 and 280?

The Deputy Chairman: Yes.

Mr. Zaplitny: Mr. Chairman, I have been waiting for quite some time to make some comments on the administration of the Disabled Persons Act. The hon. member for Restigouche-Madawaska has already raised the question but I would point out that it is not particularly in the act itself that the real difficulty lies but, in my opinion, it is in the regulations drawn up under the act. While I would like to approach this question objectively, I find it very difficult to approach objectively a measure of this kind. In my opinion it is a tight-fisted, penurious, miserable, mean kind of act. I do not know of anything on our statute books that is quite so mean as the regulations drawn up under the authority of this act. In order that it may be well known just what the regulations are with respect to determining disability, I should read them into the record. Section 2 (2) of the regulations reads as follows:

> For the purpose of the act and these regulations, a person shall be deemed to be totally and permanently disabled only when—

I ask hon. members to note the word "only". I continue:

> (a) the person is suffering from a major physiological, anatomical or psychological impairment, verified by objective medical findings;

That, of course, must have been drawn up by a Rhodes scholar. I do not think anyone else would have used such words as these. The regulations continue:

> (b) the impairment is likely to continue without substantial improvement during the lifetime of the person and is one to which the concept of cure cannot be applied; and
>
> (c) as a result of such impairment, the person is severely limited in activities pertaining to self-care and normal living, such as being
>
> (i) bedridden or chairfast,
>
> (ii) unable to leave home without being accompanied by another person,
>
> (iii) normally in need of care and supervision for one or more of such self-care activities as dressing, body hygiene or eating,
>
> (iv) unable to perform such routine activities as climbing a short stairway or walking a limited distance on a level surface, or
>
> (v) certified by a qualified physician to be under medical instructions to forbear from activities of the kind mentioned in subparagraph (iv).

Just to make sure, as if that were not enough, subsection 3 continues:

> Notwithstanding subsection (2), a person shall be deemed not to be totally and permanently disabled where, in respect of that person, a favourable rehabilitation prognosis is obtained, or approved therapeutic measures are recommended, by the provincial authority, and the requisite rehabilitation services or therapeutic measures are available.

Well, now, applying that section—

Mr. Knowles: How can you be alive and meet that?

Mr. Zaplitny: That is what the subsection says. When conditions such as these obtain

you may as well apply the mirror test. In case the minister does not know what I mean by the mirror test, may I say it is a well-known trick of physicians. A mirror is placed at a person's mouth, and if it does not fog up the person is dead. They could just as well apply that test, because nothing short of that will let him in under this act.

I see these words, and I do not say this with any thought of malice to the doctors or to anyone in particular, but I say the time has certainly come when some action has to be taken. I could bring a whole file of letters, and no doubt many other members on both sides of the house could duplicate that effort. I could read from those letters of tales of woe until the minister would be crying for help before I could finish all the cases that are still hanging fire and those that have been turned down. That is not the kind of thing I want to do. I do not want to raise the question just for the purpose of talking about it.

The minister knows, and hon. members know, that I have raised this matter on a number of occasions, and so have other hon. members. We have been told that the matter is being given sympathetic consideration, or various degrees of consideration, but I say the time has come when something concrete and definite has to be done.

In my opinion, regulations that are as stiff and inflexible as the subsections I have referred to are not expressive of the spirit of the act that was passed by this house. Those of us who were anxious to get the legislation—and some of us raised this question 10 years ago in this house—certainly felt when this act was put through that we had reached the moment when we were going to be able to do something for the thousands of disabled persons in this country. It has been a terrible let-down; it has been a major disappointment to all concerned to find the regulations drawn up in such a way as if the authorities deliberately set out to exclude as many persons as possible, rather than to include as many as possible.

I know there are always marginal cases under any kind of an act and regulations. There is going to be a line drawn somewhere; but if we are going to have a line drawn, let us include inside the act as many of the doubtful or borderline cases as possible, and not exclude them from the provisions of the act. I think the time has come when the officials of the federal department should get in touch with the officials of the provincial governments concerned, because this is one of those fifty-fifty acts, and if not during this session—that is quite unlikely now—certainly at the very beginning of the next session of parliament the minister should be prepared to recommend changes to the house, or if it can be done by changing the regulations alone without changing the act, then have the regulations changed so the people who have been waiting—and many of them are pitiable cases—can be brought in.

I will not take the time of the committee to describe them; they are well known to all. They are really pitiable cases and certainly this committee, this parliament and this nation should hang their heads in shame if we cannot do a better job for our disabled persons than we have done up to this time. I hope this will be the last time it will be necessary to bring this matter up in the house.

Mr. Small: This has to do not with the various cases mentioned this afternoon and tonight; it has to do with the permissible income and regulations that govern most of them. I shall mention one case, but my remarks apply to them all. I appeal to the minister to see if something cannot be done about overhauling the regulations. This is the case of a constituent in my riding who is blind. It arises out of a review of his case by the Ontario department of public welfare, which administers the federal act. He was notified that his allowance was suspended as of January 1, 1956.

He is married and living with his sighted wife, and is permitted an income of $1,560 a year, including his allowance. His wife owns the house they live in through inheritance. She is also employed part-time and works to augment their income, and receives $20 a week when she works. Their assets are her home, as I previously stated, a bank account of $108.15 and bonds valued at $1,700. His income is $40 a month, or $480 a year blind persons allowance. Her income, as I stated, is $20 a week or $1,040 a year, if she is able to work a full year. The government insists that the assets be computed on an immediate government annuity rate, calculated at 5 per cent of the assessed value of the real property and charged against the income of the family.

This amounted to $226.50. The department informed him that his total annual income was $1,512.52, which would permit him a monthly allowance of $3.85. The department also notified him that they had overpaid him by $108.15, and that the $3.85 a month would be suspended and applied against his account of $108.15 until the debt was discharged or until he could refund the $108.15 and be reinstated.

The explanation for their action in assessing the value of their home was that a person who does not own property is required

to pay rental, and this equalizes those who own their homes. In other words, those living in rented houses have to pay a certain amount of rent but the man who is living in his own home does not have to pay anything.

This is a means test, and I am sure it does not appeal to the house. I wish to point out that the person who owns a home has to keep that house up and pay taxes, which are probably more expensive than a rental would be. I think that should not be brought into this question of what is called putting on a means test. This individual's wife was assessed on the basis of having worked a whole year which she did not do, but that was not taken into account. Therefore the assessment was not a proper one.

I appeal to the minister to consider this question of the means test. I am not asking for an increase in the allowance, which has been touched on frequently here; but I do think the matter of the means test and permissible income should be re-examined and overhauled, because it does not give a fair deal in the situation I have described. I shall leave this matter with the minister and hope he will give it some attention.

Mr. Martin: Mr. Chairman—

The Deputy Chairman: The hon. member for Kootenay West.

Mr. Herridge: Is the minister going to speak?

Mr. Martin: A great many hon. members have asked questions, but I want to be fair to everybody.

Mr. Herridge: I have a question which would mean just one more for the minister to answer. Mr. Chairman, I have been mute on these estimates so far for three reasons. The first is that other hon. members of this group have given expression to my feelings and opinions, and I do not believe in repeating things too often. Second, I have a certain amount of sympathy for the minister; and third, I have been absent.

Mr. Fulton: Why did you come back?

Mr. Herridge: I must say I have been absent on very important business. I have been attending a committee that has been considering the health and welfare of the hon. members of this house. We spent a great deal of time this afternoon making sure that next session they will get ample fruit and vegetables and so on in the parliamentary restaurant.

I must say that most hon. members appreciate that I am a somewhat timid soul, and I have always found myself a bit flustered on these estimates though I do not know why. However, I am going to try to contain myself and prevent myself from panicking by keeping an eye on the minister and my future needs.

Mr. Fulton: Are you afraid you will get an old age pension before you finish?

Mr. Herridge: I rise, Mr. Chairman, to bring one matter to the attention of the minister. I have in my constituency a number of unfortunate disabled persons who have to use orthopedic appliances, and because Spokane is the nearest point where they can obtain the appliances or have them repaired they frequently obtain them there. I want to bring this matter to the minister's attention as I have been requested to do by the manufacturers of these appliances in Spokane and area, and by a number of representative organizations in my district.

Another reason for my mentioning the matter at this time is that I was absent in another committee when the estimates of the Department of National Revenue were under discussion, but these matters are related so I think I am justified in doing it at this point.

The people who wear these orthopedic appliances in some cases are not required to pay customs duty when they purchase them in Spokane or area and bring them into this country. In the case of corrective shoes and that sort of thing they have to be sent across the line in order to be repaired, and when they are returned in a repaired condition they are required to pay a duty on them. I also understand they are required to pay a sales tax on certain of these very necessary artificial aids. Generally speaking these people are in the low income brackets, and I am going to ask the minister if he will use his charm and ability and discuss this matter with the Minister of National Revenue, to see if we cannot avoid charging these people sales tax and customs duty on these very necessary articles.

Mr. Blair: Mr. Chairman, I wish to say a few words on the question of the disability pension. I was very glad when this pension was written into law of this country, but I find that the difficulty lies in the interpretation of the words "permanently and totally disabled". I realize there must be a dividing line somewhere, which was set forth in the terms one hon. member discussed a short time ago and those terms are necessarily in some form of legal parlance to describe the disability.

I find that the trouble stems from two sources, and one is in making out the papers. The board that is looking over the papers

should have an accurate picture of the condition of the patient. I have had some of these people come to me and I have examined their papers. I found they were answered simply "yes" or "no", and questions such as "Is he totally disabled" were answered with a bare "yes" and no reason was mentioned. In many cases the blame rests with members of my own profession. Simply because a doctor says an individual is disabled is no reason why the board should accept that bald statement.

This gives rise to a great deal of trouble. The forms are filled out with "yes" and "no" all the way down, and usually at the bottom of the form the words "totally disabled" are written in and then someone signs it. The board has to judge an applicant on the basis of the form, which I have already referred to as a penned picture produced by the applicant for the benefit of the board in order that they may pass judgment upon it.

I now come to the other point. The legislation is not very well understood with regard to the two terms "totally and permanently disabled". I am concerned about cases which perhaps could be called borderline. If you called this a helplessness allowance you could speak of these people as being those who are not able to dress themselves, go to the bathroom and up and down stairs and generally take care of themselves. They are absolutely helpless. There is the other type of case where people are totally and permanently disabled, yet they are able to do all those things.

Possibly I could tell the committee about one case I investigated out in the country, where a young man with a wife and one child had suffered a very serious heart condition. He is unable to do any gardening in the little garden they have because he can not hold a garden instrument for any length of time. He is unable to do any work at all. That man is totally and permanently disabled. Despite the fact that he made two applications he did not qualify for helplessness allowance because he was able to dress himself and go to his meals and that sort of thing. Nevertheless that man by any standard is totally and permanently disabled.

I appreciate that it is difficult to try to establish some form of examination or standard whereby these cases can be judged in order to arrive at a proper formula for a person who is totally and permanently disabled, but I have two suggestions to make. I would suggest that greater care should be taken in making out the application papers in order not to make it difficult for the board administering the act, and there should be a little more leeway given in the interpretation of the act. I do not think you should rewrite the qualifications. I thought this over for quite a long time, and I think the only way to remedy the situation is to give more leeway to take in that type of borderline case who cannot qualify for the helplessness allowance but who is totally and permanently disabled.

I would not abuse the act, because I think it is an excellent provision which has done a great deal of good, but that situation seems to be destroying its usefulness. I have no suggestion to make as to what should be written in as to the degree of helplessness necessary in a person. I think the only thing that can be done is to give a little more leeway to the board which considers applications. Where you have a set of papers of the "Yes" and "No" variety—sometimes I blame the doctors, because they are not good writers anyway—there should be a bit more leeway given. We should do the same as we do with the veterans and give the benefit of the doubt. Let the board go back for further information on the case. Possibly the person looking after old age pensions in the county could make a confidential report. You could get a confidential report from the reeve or mayor of the municipality, or you could get a letter from the clergyman or some well known person. The board could get further information in that way.

I know that at the present time there is a lot of trouble in connection with people who are totally disabled but who do not seem to come within the act as it is written at the present time. I suggest that there be further investigation in such cases, and that the board be given power to investigate and also be given a little more leeway to bring in those cases which are really totally and permanently disabled but who do not qualify by reason of being helpless.

Mr. Martin: Mr. Chairman, I shall attempt to deal with all the questions that have been asked. I want to thank my hon. friend very much for the helpful contribution he has just made. He has put his finger directly and precisely on the difficulty we have had. I suppose he was able to do that because as a physician he knows the difficulty of arriving at a definition in the particular situation that confronts us. Other countries having this type of legislation have had the same difficulties.

My hon. friend will recall that during the winter we had a meeting of the medical examining boards which was most fruitful. As a result there has been some relaxation in the constant and continuous feature, and as a result since that time there has been an

increase of almost 25 per cent in the number of applications granted. All the provinces without exception felt that the first year's experience was important, and we are now assessing the results since the wider interpretation with which all medical counsellors agree.

We are having a meeting of the board in the fall, when we will take a further look at it. I do not know whether my hon. friend has been talking to my deputy minister, but he likely has, and he will realize that their ideas on this matter are very close, and mine also are very strong. This is particularly true in the case of mentally deficient people. Of these cases now being covered I would say that of the 25 per cent perhaps 12 per cent are mentally deficient cases, which I thought would be included from the beginning but which now represent the bulk of those who are enjoying the benefits of the liberalizing policy or the new interpretation which is being given.

I am sure that all hon. members will be interested in learning that since I spoke in this house we have put another 2800 persons on the disability allowance roll, which represents about 800 more than I anticipated would be the case when the act was first discussed. I think the discussion tonight on this particular subject has been most useful, and I am sure it will help those in the provinces and here who have to administer what the hon. member from Lanark has referred to as a very good act and one which we are all anxious to see work out with great satisfaction.

The hon. member for Vancouver-Quadra raised a number of questions. If I did not rise earlier it was not out of disrespect but because I was hoping to deal with all these things collectively. The hon. member raised the question of three months' absence in the case of family allowances and three months' absence in the case of old age security. With regard to three months' absence in the case of family allowances, and having in mind the particular example he mentioned of the Kitsilano boys' band, I must say I was struck with what he said. When we come to look at the regulations I shall certainly keep that in mind. It does seem to me that a child who goes on a journey like that is temporarily absent, and in spirit should not be regarded as being absent. I do not want to make any final commitment, but I shall look at the matter closely.

With regard to the three months' absence in the case of old age security I must say that I do not share my hon. friend's views. However, I am prepared to look at that again, as I have indicated elsewhere I would do. The reason I am prepared to do that is because of the situation the hon. member mentioned of the peninsula adjacent to Vancouver on which people reside. That may create a special situation. All I would want to say now is that these cases should be looked into, and I assure my hon. friend that I will do that.

The three months' rule is an important rule, as I am sure my hon. friend would realize if he were administering the act. The possibility of abuse is very great, but one ought to take into account the fact that in part this is a contributory scheme. I shall be glad, as I am always, to look into these things, particularly at the present time.

My hon. friend referred to the fact that old age pensioners could not qualify under the National Housing Act. Of course that is something that would come under that act, but I am a little surprised that that is the situation. I know of several projects which have been built under the National Housing Act which are occupied by older people.

Mr. Green: They were built by limited dividend corporations.

Mr. Martin: That may be. I shall note carefully what my hon. friend has said and check with my colleague the Minister of Public Works.

The hon. member for Cape Breton South gave me some pretty good advice, which he always does. I want to assure him that notwithstanding the fact I have gone into the situation and notwithstanding my absences elsewhere—with him, by the way—I am going to take a big brush and I assure him that one of the first things I will do tomorrow is to get the hon. member and see whether or not there is some way to deal with this situation.

Mr. Knowles: No wonder there was trouble, with both of you out of the country at the same time.

Mr. Martin: The hon. member for Kootenay West asked me a question which involves collaboration with the Minister of National Revenue. I assure him that I shall see that this is done forthwith.

The hon. member for Hamilton West asked me a question that involves consultation with the Minister of National Revenue, and that I shall certainly take up with him, in respect of family allowance recipients who, not having the benefit of the family allowance for the first year, find themselves affected under certain sections of the Income Tax Act. I want to thank the hon. member for Hamilton West particularly for the reference she made to the two distinguished

servants of my department, the two ladies who sit in front of me tonight, who are the first female jewels of the government service to sit on the floor at the same time.

The hon. member for Danforth has brought up a question involving income ceilings. I wonder whether he and I could have a talk about that either tonight or tomorrow and see if there is not some way out of this situation. I think I can say that tonight's discussion has been of very great value, and I am sure it has produced some very good results.

Mr. Green: Could I ask one question arising out of the minister's answer? Has an attempt ever been made to negotiate a reciprocal treaty with the United Kingdom concerning payments to the senior citizens who move from one country to the other?

Mr. Martin: I forgot that. I apologize to my hon. friend. I do not think I forgot many things in my roving picture. We have thought of that a good deal and we have had discussions with the authorities in the United Kingdom. One of our officials was there quite recently at a conference when this matter was discussed. There are great difficulties because of the difference between the various schemes, but I can assure my hon. friend that the matter is receiving our attention. As a matter of fact one of our officials is going next week to a conference in the United States to see whether or not any possibility exists there. In any event, the matter is being canvassed and studiously pursued.

Mr. Barnett: At the suggestion of the minister I agreed last night to defer bringing forward for a few minutes a matter which I had made a pledge to myself that I would bring up some time during this current session. I refer to bringing forward for consideration the need for the guiding allowance without a means test for the blind persons of Canada. I have not previously raised this question during the session except on one occasion on the orders of the day, when I asked whether the minister intended at this session to bring in legislation to provide for this measure. The minister at that time said, in one of his characteristic replies, as recorded on page 4550 of *Hansard*:

> My hon. friend knows these matters are always under consideration. Much will depend upon the progress of debate here and further consideration.

I do not know what the minister's views are about the progress of debate since that time, or exactly what was involved in that further consideration. However, I recognize that as a result of statements made by the Prime Minister when questions have been asked as to the intentions of the government with regard to bringing forward further legislation this session, it is evident that it is not likely that the minister will have the opportunity of bringing in this legislation, which I am sure he would really like to be doing.

As most members may perhaps be aware from some publicity that has been circulated, the Canadian National Institute for the Blind and the Canadian Council of the Blind have launched a joint appeal for this one specific improvement in the blind persons legislation in Canada. One of the reasons I in particular wanted to say a few words on this was that I had an opportunity and privilege last fall, on that particular occasion at least, that was enjoyed by no other member of this house, and that was to be able for a few hours one evening to sit in on the national convention of the Canadian Council of the Blind and hear the proceedings at that convention which was being held in Victoria, which is no great distance from my own home.

I should like to say that if on other occasions that convention is being held in some other parts of the country, any hon. member of this house would find it well worth his while to sit in for a time on that convention. I found it rather an inspiring experience to see a convention being conducted by people who are not able to enjoy the privilege of being able to see one another. The chairman appeared to recognize every delegate by his voice, and the convention was being conducted in an orderly and, in fact, in a very ordinary manner. I must say that I was tremendously impressed by the courage of those people who were there. Yet at the same time it was brought home to me, in a manner in which it had not been before, what a disability people who have not the benefit of sight are facing in all the ordinary things that most of us take for granted as we go about our daily business.

For that reason, as I said at the outset of my remarks, I made a pledge to myself—I certainly did not make it to anyone there—that at some time during this session I would make some reference to the need for this particular legislation.

Our discussion during the course of this evening, and particularly since we have had several items under joint discussion, has ranged over rather a wide field, to the need for various forms of pensions and help to those who are partially or completely unable to help themselves, but I feel that this discussion certainly would not have been complete without some reference having been made to what I consider to be a very important case of needed legislation which, in

terms of some of the legislation we have had under discussion, would not be very expensive.

Mr. Castleden: I should like to ask the minister a question with regard to the disability pensions. In recent weeks I ran across a case in my constituency of a lady who was confined to a wheel chair, badly crippled and unable to do even her housework. She had a son about 14 going to school; her husband was working. She was denied the disability pension. Her neighbour, receiving the disability pension, is able to do her housework, does her garden work and comes and visits her quite frequently. My question is, to whom should I appeal for a review of the case? This is a 50-50 proposition between the provincial and federal governments.

Mr. Martin: If my hon. friend will let me have the case I shall see that it is reviewed at once.

Mr. Castleden: I shall be glad to let him have it. I did not investigate it fully, but is there any board to which such people can appeal for a review of the case? Is it provincial or federal?

Mr. Martin: The case is examined by a panel of doctors, one representing the provincial and one representing the federal government. Where there is a difference of opinion, a third doctor not in the government service is asked for his opinion. If my hon. friend will let me have the case I shall see that it is expedited and dealt with as quickly as possible.

Mr. Castleden: I thank the minister for that assurance. Should that appeal be made to the provincial authorities?

Mr. Martin: Yes, to the provincial authorities.

Mr. Castleden: But ordinarily that is where a person should go in order to draw the attention of the officers to what is going on?

The Deputy Chairman: Shall the item carry?

Mr. Blackmore: Mr. Chairman, it grieves me to spoil the minister's plans for tonight by rising at this late hour, but I have endeavoured to give all other hon. members an opportunity to express their views and offer their suggestions before I undertook to deal with the very important question of old age pensions. We had a good deal of talk about the difficulties with which the old age pensioners are confronted, and then the hon. member for Fort William rose and with a sort of sweep of his hand just wiped out all possibilities of doing anything for these unhappy people by asking what particular tax we would levy in order to raise the money to give old age pensioners the kind of provision to which they surely are entitled.

I should like to refer to the document to which the hon. member for Mackenzie referred last night in what I considered to be a good speech facing facts and plenty of them. I should like to recall to the house that the hon. member referred to the findings of the welfare council of greater Winnipeg. That is not an organization that can be laughed off too easily. The welfare council of greater Winnipeg is a responsible organization of intelligent Canadians facing facts. This is what the hon. member for Mackenzie told us, based upon what we find on page 16 of a work prepared by this same welfare council of greater Winnipeg called "Age and Opportunity." He gave us the following requirements, according to that organization, for an old age pensioner: rent, $20 a month; food, $30 a month; clothing, $10 a month; church, $2 a month; medical, $3 a month; memberships, hobbies, $5 a month; transportation, $4.50 a month; incidentals, $5 a month; laundry, $2 a month, making a total of $83.50, where that person is today getting the magnificent sum of $40 a month.

There is a set of conditions there, Mr. Chairman, which I do not think this house can afford to neglect on this occasion. The minister has told us that what would be required would be a tremendous additional amount of money, and we will agree. But the thing we persist in overlooking in nearly every case is that the goods necessary to provide these needs are right here in Canada. The means of producing them are all right here in Canada, but these goods are not being produced because they are not being bought or they are going without being sold because people have not the money to buy them. That is going on from coast to coast in this nation. We do not seem to be impressed by that fact.

The last time I spoke in this house I pointed out the fact that if the Indians ranging our plains 150 years ago had plenty of buffalo, fish, firewood, fruit on the hills and a few other things, then all Indians were able to get all they needed of those things. It took the white man to come along and find out that the more of these things you produced the poorer you were; the more buffalo you had, the more fish you had, the more wood you had, the more fruit you had, the less you were able to enjoy.

I know that to a great many members this sounds very unrealistic, but why that should be the case is beyond my comprehension.

Surely it ought to be evident that for any nation which is producing $28 billion worth of goods to say that we cannot provide the old age pensioners with $83.50 a month worth of these goods is for us to acknowledge absolute intellectual bankruptcy.

The question is, what can we do about it? I am not prepared to grant there is nothing we can do about this matter. I am not prepared to grant that the money we use to provide these goods must be ground out of an overtaxed people, not by any manner of means. All I wish to do in the minute or two remaining is to point out a bit of information appearing on page 8 of a document prepared by the Bank of Canada entitled "The Story of Canada's Currency", which was printed for the Bank of Canada in 1955. On page 8 of the document the writer tells us about the Hudson's Bay Company tokens. These Hudson's Bay tokens were shaped like coins and made of some sort of compound, of the nature of which I am not just sure. I should like to refer to these particular words:

> These Hudson's Bay Company tokens represented the unit of currency used in the fur trade for many decades. The largest—one "made-beaver"—was equal in value to the skin of an adult male beaver in prime condition. Smaller sizes represented one half, one quarter and one eighth made-beaver. Before these brass tokens came into use, a made-beaver was represented by a stick, a porcupine quill, an ivory disc, a musket ball or anything else agreed upon by trader and trapper.

Note these words particularly.

> The trapper would be handed a number of the units agreed upon, representing the value of his catch, and with these would make his purchases from the store. The tokens were designed by George Simpson McTavish of Albany Fort in 1854.

In the area where I grew up as a small boy the merchants used to use a local currency which they called scrip. Units of scrip were used by them to pay people for produce like butter, eggs and other things of that kind. Then the scrip circulated in the communities, sometimes for months, helping to buy and sell goods. I will not say anything more along this line at the present time, but I think what I have already said indicates how with good will and a determination to do something the provinces and the dominion and the municipalities of the dominion can get together and work out a system whereby our elderly people can buy the goods they need to live on, at least to the extent of $83.50 a month.

Some hon. Members: Ten o'clock.

The Deputy Chairman: Shall the item carry?

Mr. Blackmore: No. I thought I made that quite clear. I want to go on with this talk tomorrow.

[Mr. Blackmore.]

Mr. Martin: I wonder whether my hon. friend would do me the honour of letting me have a copy of a publication from which he read, which interested me very greatly. It was not the Bank of Canada one, but the other one. If my hon. friend could go on for a few more minutes we might conclude the item. I want him to know that I have followed what he has said with great interest. I know he is very sincere, and I want him to know that what he says is being received by me with the care with which he would want me to receive it.

Mr. Blackmore: The important thing, of course, is not that "it will be considered with care" but that something shall be done. There are just thousands and thousands of old age pensioners in Canada today, who cannot live on the pension. They have to go out and beg for the needs of life in addition to the $40 on which they are trying to live.

I move the adjournment of the debate.

Mr. Harris: Mr. Chairman, accepting the motion to adjourn, may I suggest another course of action for the moment. Some hon. members in the house would like to make their remarks on the C.B.C. tonight if that were at all possible. I wonder if the committee would agree to sit while the minister makes his statement and one other member speaks after that. The hon. member cannot be here tomorrow. Then tomorrow we shall continue with this particular debate.

Mr. Blackmore: We will adjourn the C.B.C. discussion also, so that first of all we will call this discussion and finish it and then go on with the discussion of the C.B.C.?

Mr. Harris: Quite so.

Mr. Blackmore: So far as I am concerned that is thoroughly satisfactory.

The Deputy Chairman: Is it agreed then, that resolution 278 stands, by agreement?

Some hon. Members: Agreed.

Mr. Martin: Could we pass the other ones and let that one stand?

The Deputy Chairman: Resolution No. 54, Canadian Broadcasting Corporation.

Mr. Harris: I think it was understood that we had passed resolutions Nos. 278 and 279 and we had stopped at 280.

Mr. Martin: No, we were letting 279 and 280 carry.

Mr. Green: Perhaps the minister did not understand that we were considering three of these items at one time, 278, 279 and 280.

Mr. Blackmore: And those three are being stood?

Mr. Martin: No, the old age security one stands, 278.

The Deputy Chairman: If the committee will permit me, I think I have the picture. Resolution No. 278 which is now before the committee and upon which the discussion of these other items has taken place, is to stand. The remaining resolutions under this department, except civil defence, are to be called now and passed.

Some hon. Members: Agreed.

Item 278 stands.

Items 279 and 280 agreed to.

The Deputy Chairman: May I point out to the committee that we have still before us items 278 and 281, and we are now calling resolution 54, the Canadian Broadcasting Corporation.

DEPARTMENT OF NATIONAL REVENUE

Canadian Broadcasting Corporation—

54. To provide for the requirements of the sound broadcasting service (to amount formerly authorized by Chap. 32, R.S.), $6,250,000.

Mr. McCann: Some few days ago, Mr. Chairman, I tabled the annual report of the Canadian Broadcasting Corporation for the year ending March 31, 1956. In the discussion of these estimates I thought it would be of advantage to the house to have that report before hon. members so they might have the operations of the C.B.C. reviewed up to that time. We all understand very well that there is presently in existence, and has been for some time, a commission known as the Fowler commission. Its terms of reference were to review the activities of the Canadian Broadcasting Corporation, both as to sound radio and television. I think under the circumstances, since that commission has not held all its sittings nor has it a report ready, but that report will be made some time before the next session of parliament, perhaps it might be only fair if we were to refrain from discussing many of the briefs and representations which have been made to the commission so far.

I propose at the beginning of this debate to give a short review with reference to the annual report for the year ended March, 1956, in order that we may have on *Hansard* a record of the activities of this organization. In its annual report the C.B.C. points out that the continued extension of television coverage and development of the national program service have put an increasingly heavy load on the corporation. The report estimates that for the year which ended last March 31, more than 2 million homes were equipped with television receivers and that television service had been brought within the reach of 80 per cent of the population. By that date the English language service on 6 C.B.C. and 22 privately owned stations was available to 9 million English speaking people. The French service, on two C.B.C. and three private stations, has been available to some 4 million French speaking people.

The wide development both of programs and coverage in the course of the year meant that the rate of operation and expenditures was much higher at the end of the period than at the beginning. The report notes that seven new stations began operations in 1955-56. They were St. John's, Newfoundland; Jonquiere, Quebec; Ottawa; Wingham, Ontario; Barrie, Ontario; North Bay, Ontario; and Lethbridge, Alberta. This brought to 33, 8 C.B.C. and 25 privately owned, the number of television stations operating and affiliated with C.B.C. networks. At the same time, service to the 17 stations which began operation in 1954-55 was maintained for the first full year.

The C.B.C.'s national program service, amounting to between 40 and 45 hours per week in English and between 35 and 40 hours a week in French, was developed for distribution to areas served by C.B.C. stations and to other communities through the co-operation of privately owned affiliates. As of March, 1956, over 55 per cent of the English service and more than 85 per cent of the French was Canadian-produced. At the same time, the report says, the work of the sound broadcasting system was undiminished on the three radio networks, trans-Canada, French and dominion, which broadcast a combined total of 22,356 hours. Some indication of the success of these efforts revealed itself at the annual exhibition of radio and television at Columbus, Ohio, where the C.B.C. again won and shared more awards than any other network.

In television, the 25 privately owned affiliated stations operating at the end of the fiscal year were taking a large proportion of the national television program service. This meant that C.B.C. was making available to each of the English language stations about 100,000 feet of filmed programs each week, and 85,000 feet to the French language stations. The average cost of making these programs available to each private station is approximately $100,000 per year, according to the estimate in the report.

In the realm of programming, C.B.C. reports that once again it was successful at the annual American exhibition of educational radio and television programs, where programs produced by the corporation won six first awards and five honourable mentions. The report also notes that a broadcast

called "Birds of the Forest" won the Italian press association prize for documentary radio programs at an exhibition festival in Europe. Several programs are mentioned that are examples of one of C.B.C.'s important functions, the development and recognition of talent. In television "The Concert Hour", as it appears on the English television network, provided an example of what one program can mean in terms of employment. During the 1955-56 season the program provided 1,405 individual engagements or jobs. The greater part of this, 1,004 engagements, represents the engagements required to provide an orchestra for the season. The orchestral performers were all Canadian residents, as well as 22 of the 27 conductors, 61 of the 74 singers, and 26 of the 38 instrumental soloists who appeared during the season.

The C.B.C.'s annual report begins its section on variety programs with the statement that variety continued to come into its own on Canadian television, and that the new opportunities opened up by the medium for this type of entertainment had begun to produce stars of national stature. This is followed by a comment to the effect that the fact some Canadian stars have left to accept work with networks in other countries is welcomed as an indication of this country's maturity in this field.

Later in the report on the variety programming the C.B.C. notes that "Music Hall" on the French television network, an hour-long Sunday night show, succeeded in enlarging its considerable audience despite the fact that it was on at the same time as another famous show, the Ed Sullivan show, on the English network.

The section of the report on drama pointed out the peculiar Canadian institution known as "The Plouffe Family". This is a television extension of the original radio series, written by that well-known author Roger Lemelin. The same cast presents the program on both the C.B.C.'s French and English television networks.

Drama contributed to the success of the Sunday evening series called "Folio", which won an award at the radio and television exhibition at Columbus for its "intelligent and skilful integration of education and entertainment values".

The parallel series in terms of drama on the French television network was "Téléthéâtre" which presented a season made up of such classical plays as "Le Barbier de Seville" by Beaumarchais and "La Double Inconstance" by Marivaux, mixed with outstanding contemporary works.

The C.B.C. reports that during 1955-56 it paid out approximately $10,600,000 for talent, more than 70 per cent of it in direct fees to artists, musicians, singers and actors and nearly $3,000,000 for scripts, performing rights, music and musical arrangements. Of the total of $10,600,000 paid out for talent by C.B.C. in 1955-56, about $6,350,000 was for television talent, while radio talent cost about $4,250,000, including some $98,000 spent by the international service.

These figures do not include a wide range of other talented personnel on the C.B.C.'s regular staff, a range which takes in such creative workers as announcers, producers, program research editors, scenic, graphic and costume designers, news writers, film editors, cameramen and commentators.

Throughout the year a total of 11,135 performers of all types other than those employed regularly on the C.B.C. staff participated in the corporation's programming. Apart from the regular C.B.C. musical groups, the corporation paid more than $150,000 to major Canadian symphony orchestras for broadcasting rights.

The C.B.C. explains that the script department, organized last year, devotes its efforts to the development of improved and continuing relationships with writers. Its section of the report points out that while just over 30 per cent of the C.B.C., produced television plays were written by Canadians in 1955, the situation has improved to the point where it seems likely that in 1956 well over 50 per cent of television dramas will be written by Canadians.

The script bureau of the French network, although it was organized only three months before the end of the fiscal year, reports that it analysed 56 scripts by Canadian authors, nearly all of them newcomers to the field, and drew the attention of producers to ten unpublished works scheduled for performance on television in future months. The French network script organization is receiving manuscripts at the rate of eight or ten a week.

Reporting on the Wednesday night series, one of the examples the report gives is "Architects of Modern Thought," which discussed the influence and ideas of men prominent among world thinkers. Response to this feature was such that C.B.C. published a booklet containing all the talks to fulfil requests from listeners. The report also notes a presentation on the life and times of Joseph Howe presented in two one-and-one-half hour broadcasts on consecutive Wednesday nights. A similar presentation about Sir John A. Macdonald was repeated from a previous season.

Under the heading "Special Programs", the report notes "Christmas Almanac", a five-and-three-quarter hours presentation on Christmas day of a type never before attempted. It

was designed to use radio as a means of communication that can bring an entire country together on a special occasion. The mail response showed that many people were impressed by the sense of unity that emerged.

In this same section C.B.C. reports that special coverage of the International boy scout jamboree at Niagara-on-the-Lake was provided by C.B.C. radio and television, and by the C.B.C. international service. Television coverage included production of three inserts for such American series as N.B.C.'s 'Wide, Wide World" and the C.B.S. series, "Let's Take a Trip". During the 1955-56 fiscal year there was also the production of last year's Shakespearean festival at Stratford for "Wide, Wide World".

On the subject of news, the C.B.C. reports that on January 1, 1956, the C.B.C. news service put out its 5,579th national news bulletin in both English and French, marking its 15th anniversary. In radio, the news service prepares 70 newscasts each day from newsrooms in St. John's, Halifax, Montreal, Toronto, Winnipeg and Vancouver.

During the year television news continued to expand. Now in its fourth year, it produces 13 newscasts each day based on the world-wide collection facilities of the Canadian Press, British United Press, Reuters, Associated Press, United Press and Agence France Presse. C.B.C. reports progress this past year in the development of a nation-wide collection and exchange of spot news-film with seven private stations participating along with the C.B.C. Walter Blackburn, of CFPL and CFPL-TV in London was the first chairman of the Canadian television news film cooperative. Under this arrangement stations cover events in their own areas and, in return, receive 10 minutes of film daily, including C.B.C.'s foreign coverage, for use in their own newscasts.

In widening coverage abroad, negotiations for exchange arrangements were opened with the Australian Broadcasting Corporation, which is scheduled to start T.V. this fall, and an exchange has already started with the Independent television news in England. These supplement agreements with the British Broadcasting Corporation, and with the National Broadcasting Company and the Columbia Broadcasting System in the United States. Free-lance cameramen gave increasingly better service on Canadian events, which continued to occupy about half of television newscasts.

C.B.C. reports that the talks associated with radio's national news bulletin and news roundup have built up a loyal and appreciative audience. In this section it notes that talks are the simplest and most direct method of communicating the ideas and experiences of individuals, and also of bringing about an exchange of opinion between people many miles apart.

The talks and public affairs section of the report is the longest in the section devoted to programs, and it is in this area that the report notes the greatest number of individual program contributions to the networks from all production points across the country. It is in the area of public affairs that the report mentions two weekly series prepared by the national film board in French, "Regards sur le Canada" and "Passe-partout", and two in English, "Perspective" and "Window on Canada".

In the area described as women's interests, the C.B.C. reports the inauguration of a parallel to radio's "Trans-Canada Matinee" on television. It is a daily program called "Open House". On the French television network the type of viewing provided by "Open House" was presented on several weekly telecasts: "Rêve, réalité," "La Cuisine de la bonne humeur", "Pour elle" and "Michelle Tysseyre".

The report says radio school broadcasts attracted larger audiences than ever before. There was a larger demand for the school broadcast manual for teachers, with 72,000 being distributed for the 1955-56 school year. C.B.C. says that the provincial departments of education also report an increase in the size of the school broadcast audience. C.B.C. explains that the national advisory council on school broadcasting has been actively exploring the classroom potential of television. As a result of encouraging response from teachers as the result of previous experimental series, C.B.C.'s school broadcast department was busy at the end of the fiscal year preparing a further experimental classroom television series to go on the air very shortly.

C.B.C. reported that during its 15th season "Radio-College", which was awarded the Henry Marshall Tory trophy for 1955, maintained its reputation as a university of the air. Four new chronicles on music, famous art institutions throughout the world and religion were added to the previous six. The series on art institutions was produced by the B.B.C. and the French and Italian broadcasting system.

On December 8, 1955 the oldest of the radio farm families associated with the regional farm broadcasts presented each day celebrated their four thousandth broadcast, with the original cast still intact. This was the Craigs of the Ontario farm broadcast. Similar radio families are associated with the regional farm programs in British Columbia, the prairies, and the maritimes.

C.B.C. reports that 1955-56 saw the extension of farm television to all regions. At the beginning of the year the Ontario region of the C.B.C. had its weekly edition of "Country Calendar" and the Vancouver and prairie editions had just got on the air. Since then the Winnipeg show has been extended to a non-connected network of five television affiliates across the prairies; maritime and Newfoundland editions have been initiated in Halifax, and "Les Travaux et les Jours", the French language version, has been started from Montreal.

The section of the report on children's programs states that careful attention is being given to programming for television because of the particular impact which television has on very young people. It reports a large extension in the provision of programming for children, and lists programs covering a variety of interests for youngsters of all ages, scheduled for the most part between 4.30 and 6.00 in the afternoon.

In the area of religious broadcasting the C.B.C. reports attempts to try out new forms of programming for those who cannot be reached through the broadcasting of church services. One example in radio was "The Question Box", on which a panel of clergymen and lay people discussed questions submitted by listeners.

On television, plays were commissioned to mark Thanksgiving, Christmas and holy week.

On the French networks Sunday high mass was televised every Sunday instead of once a month as was done previously. And on radio, French speaking audiences were able to hear sermons or talks of a topical nature including some speeches by His Holiness the Pope, a talk by Cardinal Feltin, Archbishop of Paris, several addresses by Cardinal Leger and addresses given in the diocese by Abbe Pierre.

The section of the C.B.C. report dealing with sports broadcasts refers to coverage of regular events such as the national hockey league, football games in the western conferences and the big four and annual tournaments in golf, track and field, sculling, and so on. There were also such individual events as coverage of Marilyn Bell's English channel swim and Cliff Lumsden's victory in the marathon at the Canadian National Exhibition, radio and television coverage of the Davis cup elimination rounds, and the winter olympics at Cortina D'Ampezzo in Italy.

The engineering section of the report says that during the year an appreciable amount of work was done to improve existing facilities and provide new equipment. At Halifax the television transmitter building was completed on Geizer hill and a new four-storey television studio building neared completion. New television and sound studios were built in Toronto. The second C.B.C.-T.V. French language transmitter went into operation in Ottawa as station CBOFT, to serve the French speaking population in the Ottawa valley, and the combined studio-transmitter building in Ottawa went into service. The English language transmitter for CBOT went over to the permanent antenna at the same time.

In Montreal an audience-participation studio was provided, and a sound studio was converted to a two-camera television studio to cope with the increase in the number of live French language productions originating in Montreal.

The report notes that construction was started in both Toronto and Montreal of new buildings which will house large television and associated service areas. Meanwhile plans were completed to raise both CBFT, Montreal and CBLT, Toronto, to maximum power. New equipment was provided at various locations. A second film camera chain and a third mobile unit camera chain were added at Vancouver, and a second film camera chain was added at Winnipeg. In radio, improved transmitters replaced obsolete equipment at St. John's, Newfoundland, Sydney, Nova Scotia, Quebec city and Ottawa. The fifty-fourth of the C.B.C.'s low-power relay transmitters—unattended installations bringing radio service economically to remote areas—went into operation at Grand Falls.

The report explains that with the tremendous expansion in television more stress was placed on personnel training. The corporation has full-time technical instructors on the establishment at Toronto, Montreal and Halifax whose function is to instruct new staff in television operations and the more experienced staff in improved techniques. C.B.C. experts have visited a number of privately owned stations at such points as Edmonton, Lethbridge, North Bay, Barrie and Moncton, instructing both technical and program staffs in the various phases of television operations.

The corporation has also made available technical bulletins and manuals to these stations. In addition, courses have been held both in Toronto and Montreal which were attended by members of the staffs of Canadian National Telegraphs, Canadian Pacific Communications, and the Bell Telephone Company, as well as by C.B.C. personnel.

Mr. Chairman, I wanted to put on the record a brief summary of the activities of

the Canadian Broadcasting Corporation for the year ending March, 1956. In doing so I feel it will make a basis for discussion. Later on the debate it is my intention, with reference to the appropriations which we wish to have passed on by parliament, to give in some detail the amount of money that is to be spent and the purposes for which it is to be spent.

However, the hon. member for Eglinton, who has usually acted in the capacity of critic of the Canadian Broadcasting Corporation's activities is, I think, probably eager to go to his native city tonight, and for that reason I am very happy to give him the opportunity to enter the debate and I shall defer what I have to say further until a later time.

Mr. Fleming: Mr. Chairman, I thank the minister. There are eight items before the committee in relation to the Canadian Broadcasting Corporation. It has been our practice in other years to take the group of items pertaining to the Canadian Broadcasting Corporation in order that there might be an ample discussion of general policy in relation to the corporation, and I presume that would meet with the approval of the committee now.

The first of the items is No. 54, a grant of $6,250,000. The second is a statutory item estimated at $17 million, the proceeds of the excise tax both on radio receiving sets and tubes and on television receiving sets and tubes. Items 55 and 56 are for the short-wave broadcasting. Item No. 605 of the supplementary estimates is an item of $12 million, a grant to the Canadian Broadcasting Corporation. Items 606 and 607 are supplementary items in relation to the international short wave service. Those seven items total $37,263,976.

There is an eighth item providing for a supplementary grant to the Fowler royal commission on broadcasting of $170,920. Of those eight items those pertaining to the domestic operations of the Canadian Broadcasting Corporation alone total $35¼ million.

This year we have had no committee of the house reviewing the operations and the report of the Canadian Broadcasting Corporation. Early in the session I asked that these particular items of the estimates should be referred to the committee on estimates. That request was refused. I then asked the Prime Minister if the government would agree to the setting up of a special committee on radio broadcasting and television similar to that which was set up during the 1955 session. The Prime Minister rejected that request because the royal commission was sitting. Those requests and answers are to be found at page 2128 of *Hansard* for March 14 of this session.

I regret that we have not had a committee where these matters could be reviewed in greater detail. It is an important responsibility that parliament takes in voting these large sums of money for any purpose, not the least of all in relation to such important matters as radio broadcasting and television. Whether or not the royal commission is sitting, parliament is still called upon to vote substantial sums of money. For my part I regret that the government denied the opportunity for the detailed type of scrutiny which is possible in committee, and which in my opinion is necessary in the public interest. The direct contact between parliamentary committees and the officials of the corporation is, I think, good for both.

It was on July 26, 1955, a year ago, that in response to repeated requests from the opposition the Minister of National Revenue announced that the government intended to appoint a royal commission to review policy in general in relation to radio broadcasting and television. The commission was not actually appointed and set up by the government until December 2 and did not commence its public hearings until April last. I have expressed regret before at the delay in the appointment of the commission and the commencement of its very important work. I do not intend to comment upon the hearings as such, but shall content myself with observing that we look forward with great interest to receiving the report of this royal commission. The minister has indicated in his remarks that it is expected the report will be available at the next session for review here, and I trust that the house will have a fruitful discussion upon it and its recommendations at that time.

In the meantime let me state—I am putting it briefly under the circumstances—that we of Her Majesty's loyal opposition assert the views that we have set forth in the house on previous occasions in regard to the appointment of an independent regulatory tribunal in the public interest to regulate all forms of radio broadcasting in Canada. I do not need to repeat but I reassert the views which were expressed by us in the debate on July 26, 1955, as found at page 6842 of *Hansard*.

Similarly the views that we have expressed in regard to government policy in relation to the licensing of stations for television remain as we set them forth a year ago on the same date, to be found at page 6844 of *Hansard*. We deplore this policy of local monopoly in television broadcasting. We think it has delayed the development of Canadian television and has denied alike to C.B.C. television stations and privately owned stations the benefits and stimulation of Canadian competition. We all know that

United States competition along the full length of the Canadian border has continued.

We of the official opposition are not alone in this view. On September 26, 1954, there was a conference of the Ontario young Liberal association at Vineland. A press report of that meeting in the *Globe and Mail* of September 27 of that year reads as follows:

> Ontario's young Liberals have called on the federal government to revise its policy on television and permit establishment of private TV stations in cities now under C.B.C. monopoly.
>
> During debate on TV—one of the warmest issues to face their three-day annual convention—Ben Nobleman of Toronto-Spadina charged that "a lot of misfits in high positions" in C.B.C. television were ruining it. The present monopoly arrangement should be ended and a house cleaning undertaken to remove undesirable elements, he said.
>
> In this case the Liberal party would show that it believes in free enterprise, Mr. Nobleman contended. There was competition in radio and newspaper fields and it should be extended to television, which has had time to prove itself.
>
> Keith Davey of Toronto-Eglinton said the C.B.C. monopoly in certain Canadian cities was "rather vicious". He accused the C.B.C. of being asleep at the switch during Marilyn Bell's swim across lake Ontario.
>
> A resolution asking the policy change passed after a standing vote.

Just as an example, may I point out that recently the C.B.C. has transferred from channel 9 to channel 6 its station CBLT at Toronto, which gives service to an increased number of viewers. However, this transfer leaves the vacated channel exposed to the danger of being occupied by a United States station. The changing of the antenna on the top of the tower in Toronto is costly, amounting to $190,000. But I am drawing attention to the fact that the channel is vacant, which I think is regrettable when there are those who for years have been seeking to be licensed to occupy that channel and to give service to that area. United States competition in that area comes from several stations and is very keen, and I think it is time there was some Canadian competition permitted. I therefore say that we reassert the views we have always expressed in opposition to the government policy of local monopoly in television.

I want to say a word about the financial operations of the Canadian Broadcasting Corporation as indicated in the report which came to hand just a few days ago. I have mentioned that in these various items of the estimates the C.B.C. is asking parliament to provide $35¼ million for its domestic services. This is a record amount to be provided by parliament in any one year.

In the fiscal year ended March 31, 1956—here I am examining the actual operations of last year—the C.B.C. showed an excess of income over expenses before providing for depreciation of $282,062 for radio and $87,828 for television, or a total of $369,890. In the report the usual deduction is made as a provision for depreciation in the amount of $568,892 for radio and $1,159,619 for television. In consequence the report shows an excess of expense over income after providing for depreciation of $286,830 for radio and $1,071,791 for television, or a total of $1,358,621.

[Mr. Fleming.]

In other words, last year the C.B.C. did not have a cash deficit on operations, but rather there was an excess of expense over income attributable to the usual charge for depreciation. The corporation still shows on its books an accumulated surplus of over $9 million, which is somewhat reduced from the figure of a year ago. Its liquid position is very good indeed. The statement shows that at March 31, 1956, the corporation held government of Canada bonds amounting to $6½ million and $11½ million in cash.

I have an observation or two to make about two or three of these items and their nature. Item 54 proposes an outright grant of $6,250,000 to the C.B.C. It appears as an item to be voted. This is the same amount that has been available to the C.B.C. over the past five years and, indeed, ever since the recommendations of the Massey report were implemented by legislation. But the amount has been a statutory vote in each of those years, and now the five-year period has expired. Consequently the government is now asking that a one-year grant of the same amount be provided this year. I take it that is simply a stop-gap vote pending the report of the royal commission, and I take it that we may infer and be assured that no new policy will be inaugurated by the Canadian Broadcasting Corporation this year pending a review of the whole matter by parliament after the report of the royal commission has been submitted to the house.

The second item is a statutory item. It estimates a revenue of $17 million from the excise tax on radio receiving sets and tubes and television receiving sets and tubes. This is an estimate of revenue on the one hand from this particular tax, and consequently there is the double element of estimate in relation to the item as one to be provided for the corporation. I point out in this respect that the revenue from this tax available to the corporation as revenue has always been underestimated ever since it has been in effect. Indeed, let me remind the house that in 1955 the sale of television sets in Canada reached an all-time record. The sales in 1956 are not quite keeping abreast with those of 1955, but there is a compensating increase in the number of sales of radio receiving sets and tubes.

A year ago the government estimated a revenue of $18 million from this source. Actually the revenue yielded was $22·8 million, an excess of $4,800,000 over the estimate. If the revenue from this source has been underestimated this year to the same extent, it would mean that instead of a revenue of $17 million from this tax available to the Canadian Broadcasting Corporation, they would have about $21·8 million available from that source. In other words, if the same underestimate is shown this year, the total amount available to the Canadian Broadcasting Corporation for domestic service under these various items would be $40 million, a very substantial sum indeed.

Item 605 of the supplementary estimates is an outright grant of $12 million toward what is called the anticipated deficit. That, of course, is a deficit on current account. The capital budget of the corporation, which was tabled in the house a few days ago, indicates a contemplated capital expenditure by the corporation this year of $8,948,900. Of that amount $1,764,000 will be in relation to radio broadcasting, and the balance of over $7 million for television.

Last year the house provided a loan of $8½ million to the corporation to cover the capital costs of television installations and to support the development of services. Asking the house at this time to make an outright grant of $12 million, as compared with the loan policy of a year ago, means that the house is being asked to follow a new principle. I want to say that this should not be regarded as any precedent as far as those for whom I endeavour to speak are concerned. It is not to be regarded as anything but a stopgap provision. The idea of a grant, if it is to be put before the house in the light of a departure from principle, so far as we are concerned, is not to be regarded as creating a precedent. In other words, when this problem is presented to the house for some comprehensive solution, as it must be within the next year, we want to make it quite clear that we shall not be regarding this as any precedent to bind members of the house.

The problem presented by the staggering cost of the C.B.C. operations must be faced and grappled with. The cost is developing into these tremendous sums, largely on account of television. Television cost the corporation last year $25 million, twice as much as it did to operate its radio broadcasting services.

As to approaches to the problem, I have only this brief reference to make to the submissions made by the corporation to the royal commission; that in its brief the C.B.C. estimates that the television revenue that will be needed to provide television services will be the equivalent of $15 per television household in Canada. There are two million homes in Canada now equipped with television. In other words the C.B.C. contemplates a requirement of $30 million from that source to provide television services for Canada, and that figure has been emphasized again and again in the brief filed by the corporation before the royal commission. I just mention one or two passages quickly. At page 27 the corporation, referring to previous similar estimates, says:

> We emphasize the scale of $15 per television household per year because it was the basis of the plan as started in 1952, and the rate which the C.B.C. said would be required in the future for a system of the scope and on the conditions of the plan. Also, we believe the scale provides a convenient base for the consideration of different possible future ranges of scope, costs and conditions for the system.

There is frequent reference in the succeeding pages to that basis of estimating the cost of operating television services. On page 35 this sentence appears:

> The C.B.C. estimated and continues to estimate that the $15 figure is the amount necessary to support the system as conceived in 1952.

The brief proceeds to indicate that this cost is likely to increase.

Similarly, the corporation in that brief estimates that the cost of providing radio broadcasting services for Canada to be continued through the years ahead will cost the equivalent of $1 per head of the Canadian population, or $4 per radio home. With a population now of 16 million people, that would mean the present sum of $16 million. The figure for television, at $15 per television household, is $30 million. The total for the two is $46 million per annum, and the corporation warns us that this figure will increase.

Now, I ask the question if the way in which this is put is the flying of a kite to ascertain whether the particular method of financing that is suggested in the brief is acceptable. Is this to be another new tax? Certainly that is the interpretation that was placed upon the brief of the Canadian Broadcasting Corporation quite widely throughout Canada, and as it appears to indicate the intention to impose a new tax in these sums it was, I think I may fairly say, pounced upon and quite widely denounced in the editorial columns of the press. I suppose the fact is—in fact I have no doubt the fact is—that the government at the present time has no solution for this very great problem of financing the operations of the C.B.C. and it is hoping very hard that one will be forthcoming in the report of the royal commission.

Sir, I have not time to comment on the programming of the C.B.C. I have sought on other occasions throughout the session to bring

before the house protests that reach the ears of members from time to time in regard to various programs. When these are put before the house it is not with any thought of censoring. In a year when the radio committee is not meeting how otherwise can members discharge their duty of bringing protests of the Canadian people to the forum to which the Canadian Broadcasting Corporation is responsible, namely this Canadian parliament?

In the short time that remains I do wish to mention one thing for which the C.B.C. is responsible. I hold in my hand what is commonly referred to as the house publication of the corporation, the C.B.C. *Times* for the week of April 29 to May 5. This is the organ that is issued by the corporation itself, and if I recall correctly the evidence given to the committee a year ago by Mr. Dunton its cost is about $75,000 per annum. On page 6 of the issue to which I have referred a letter is printed containing the following statement:

> C.B.C. television, through its shows of the journalistic type, is doing a great deal to deflate the exaggerated respect in which our public figures, businessmen, politicians, publicists and experts of all kinds, have been hitherto held; and this is all to the good.

Now, sir, I do not hold any brief that public men should be held in any higher esteem than they deserve to be held, but I just wonder whether it is a proper use of public funds to publish letters in which C.B.C. television is commended, rightly or wrongly, because it does a great deal to deflate the exaggerated respect in which our public figures of all kinds have hitherto been held.

Mr. McCann: I could not agree with you more.

Mr. Fleming: I think it is well that this should be brought to the attention of the corporation, because that kind of publicity is being issued by the Canadian Broadcasting Corporation at public expense.

The news service is a very important matter in the programming of the Canadian Broadcasting Corporation. It subscribes to three services, Canadian Press, British United Press and Reuters, and the television and radio coverage of news is a very important feature of C.B.C. programs. There are rumours floating about that the C.B.C., having developed this news service, is now proposing to sell the service to those who may be interested in purchasing that news service from it. I think the house should be told whether there is any foundation for these rumours in any respect, because if there were any measure of truth in the rumours it would mean that a public subsidy is being provided under which the Canadian Broadcasting Corporation will be competing with news agencies in the provision of news services, and it seems to me that is not fair to the press. It would be an unfair form of competition.

As to the propriety of such an enterprise on the part of the C.B.C., I should just like to quote what the hon. member for Rosetown-Biggar had to say in the 1942 committee on radio broadcasting, at page 730. After a review by Major Murray, then general manager of the Canadian Broadcasting Corporation, the hon. member for Rosetown-Biggar is reported as saying:

> I have a comment to make on this. I am in agreement with Major Murray. It may surprise some of you to know that. I think there are certain fields in which the government ought not to be the subsidizing agency or a controlling influence. I think the publication of news, the gathering of news and the publication of newspapers is something that ought to be preserved to co-operative organizations that are not in any way controlled by the government, so that we may have an absolutely free press and free public opinion. The moment government steps in to subsidize the gathering of news, suspicion is immediately aroused as to colouring the news, and undoubtedly that might happen any time. I think the co-operative system of gathering news today by the Canadian Press is quite excellent.

Let me say in conclusion that there are two questions I hope the minister will answer in the course of his further statement. The first one obviously is when it is expected that colour television will be available. There was an earlier estimate that was widely publicized that it would become available in the autumn of 1956. I would ask the minister to make an informative statement as to the progress that is being made, and the cost.

The other point is the matter of advertising policy. There has been a good deal of criticism, not least of all before the royal commission, in regard to the advertising policies followed by the corporation, and there has been expression of a great deal of dissatisfaction in some quarters about the way in which the C.B.C. has been handling commercial advertising. I ask the minister to give a report on that subject, indicating what revenues are being received, and to tell the house whether the commercial sponsorships are fully sold and if the rates the C.B.C. is proposing to charge are remaining uniform.

My final observation is this, that I consider the relationship between the corporation and parliament a very important relationship, so important to both parliament and the corporation that it should be kept vital and contact should be kept close. That is why I think the committee sitting annually or almost annually is so necessary and so important.

It is one reason also, sir, why I have argued in the past that the C.B.C. should be required to come to parliament each year for its grants. I do not think it is a sound thing to

make grants available to the corporation over a period of years so that it will not have to come back each year to parliament. When the corporation in its brief to the royal commission seems to express the view that it wants to be relieved of the annual grants and to have grants assured to it over a period, I do not think that is a sound point of view for the corporation to be taking. I would deplore and oppose anything that is likely to weaken parliamentary control or make any less clear and vital and strong the contact between the corporation and this house.

I thank the committee.

Mr. McCann: Mr. Chairman, I just want to assure the hon. gentleman that the question he has asked with reference to colour television will be answered, and when the debate continues I wish to put on the record a statement with reference to finances. When he sees it he may say that it might have been better to put it on the record before he made his speech, but I did not want to take more than half of the time during which he and I were expected to speak tonight. I shall put that on the record, and then there will be an opportunity for people who are interested to compare what the C.B.C.'s appraisal of the financial position is with that of the critic.

Item stands.

Progress reported.

Resolutions adopted in committee this day reported and concurred in.

BUSINESS OF THE HOUSE

Mr. Harris: Tomorrow, as agreed, we shall take the remaining items of national health and welfare; then C.B.C., and then justice.

It being three minutes after eleven o'clock the house adjourned, without question put, pursuant to standing order.

Question

ANSWER TO QUESTION

The following answer, deposited with the Clerk of the house, is printed in the official report of debates pursuant to standing order 39:

EGG IMPORTS

Question No. 563—**Mr. Cameron (Nanaimo):**

1. What quantity of eggs has been imported into Canada in each of the following years: 1950, 1951, 1952, 1953, 1954 and 1955?

2. From what countries were eggs imported?

3. What limitations or restrictions are placed on the importation of eggs?

4. Are the same grading and marketing regulations which apply to domestic eggs applied also to imported eggs?

Answer by: **Mr. Dickey, Parliamentary Assistant, for the Minister of Trade and Commerce:**

1 and 2. Quantity of eggs imported into Canada by countries, years 1950 to 1955.

Country	1950 Doz.	1951 Doz.	1952 Doz.	1953 Doz.	1954 Doz.	1955 Doz.
United Kingdom	725	781	1,691	1,924	210	670
Hong Kong	15,675	28,542	24,536	31,699	34,805	36,095
Ireland	—	15,000	—	—	—	—
Netherlands	—	1,226,700	—	57,000	—	90
Alaska	195	—	240	750	—	300
United States	44,382	1,767,615	204,853	220,396	460,112	1,058,561
Totals	60,977	3,038,638	231,320	311,769	495,157	1,095,716

3 and 4. Eggs can move into Canada providing they are up to the Canadian equivalent of the grade marked on the eggs and providing the necessary duty is paid.

[The following items were passed in committee of supply]:

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

A—Department—

244. Departmental administration, $1,222,800.

National health branch—

Health services—

245. National health branch — administration, $155,250.
246. Administration of the Quarantine and Leprosy acts, $443,850.
247. Immigration medical services, $1,103,214.
248. Sick mariners treatment services, $967,575.

Laboratory of hygiene—

249. Operation and maintenance, $725,958.
250. Construction or acquisition of buildings, works, land and equipment, $40,000.
251. Public health engineering, $230,335.
252. Occupational health, $332,373.
253. Civil service health, $322,807.
254. Epidemiology, $66,361.
255. Administration of the Food and Drugs and the Proprietary or Patent Medicine acts, $1,389,761.
256. Administration of the Opium and Narcotic Drugs Act, $188,171.

Indians and Eskimos health services—

257. Operation and maintenance, $15,983,621.
258. Construction or acquisition of buildings, works, land and equipment, $1,272,200.
259. Grants to hospitals which care for Indians and Eskimos, $64,000.

Northern health services—

260. Operation and maintenance, $89,530.
261. Construction or acquisition of buildings, works, land and equipment, $1,130,000.
262. Special technical services, $617,676.
263. Health insurance studies and administration of the general health grants, $108,355.

General health grants—

264. To authorize and provide for general health grants to the provinces, the Northwest Territories and the Yukon Territory upon the terms and in the amounts detailed in the estimates and under terms and conditions approved by the governor in council including authority, notwithstanding section 30 of the Financial Administration Act, to make commitments for the current year not to exceed a total amount of $48,460,401, $33,750,000.

Grants to health organizations—

265. Canadian mental health association, $10,000.
266. Health league of Canada, $10,000.
267. Canadian public health association, $5,000.
268. Canadian national institute for the blind, $45,000.
269. L'Association Canadienne française des aveugles, $6,000.
270. L'institut Nazareth de Montréal, $4,050.
271. Montreal association for the blind, $4,050.
272. Canadian tuberculosis association, $20,250.
273. Victorian order of nurses, $13,100.
274. St. John ambulance association, $10,000.
275. Canadian red cross, $10,000.
276. Canadian paraplegic association, $15,000.

Welfare branch—

277. Welfare branch administration, $53,360.
279. Administration, $116,338.

B—Civil defence—

280. Grant to Canadian welfare council, $28,000.

National health branch—

Health services—

654. Indians and Eskimos health services—operation and maintenance—further amount required, $75,000.

General health grants—

655. To authorize and provide for general health grants to the provinces, the Northwest Territories

and the Yukon Territory upon the terms and in the amounts detailed in the estimates—further amount required including authority, notwithstanding section 30 of the Financial Administration Act, to make additional commitments for the current year not to exceed $4,991,799, $3,000,000.

Welfare branch—

656. To provide in respect of the fiscal year 1956-57 a reduction in the amount owing by the old age security fund pursuant to section 11 of the Old Age Security Act, representing the amount of temporary loans made by the Minister of Finance to the fund during the fiscal year 1955-56 estimated at, $50,020,000.

Special—

657. To provide for a grant to the Canadian highway safety conference, $20,000.

658. To provide a grant to the estate of the late Dr. Stephen Kucher, former employee of the department, in an amount equal to the supplementary death benefit that would have been paid if he had been a participant under part II of the Public Service Superannuation Act, $4,500.

END OF VOLUME VI